

AMERICAN JEWISH CONGRESS - GENERAL COUNSEL: MASLOW, WILL

QATAR, 1996-1997

## Iraq...continued

opment programs. Suspected or known biocapable states include Russia, China, Syria, Libya and North Korea. But the regime that causes the greatest anxiety is Iran. Tehran has already built up quantities of both anthrax and botox, and may have proceeded to weaponizing the agents into missile warheads. It is this biological capability that makes the Russian-sponsored construction of Shihab ballistic missiles such an immediate security issue for the United States and Israel.

Biological attack by state-sponsored terrorists is a contingency for which Western governments are also finally preparing. Although the Japanese cultists of Aum Shinrikyo failed in their attempted use of anthrax in the Tokyo subways two years ago, the danger posed from "stealth" use by foreign-backed groups is very real. Iraqi Deputy Prime Minister Tariq Aziz cryptically told *Time* magazine in mid-November that "people in other countries who are not satisfied with the situation" might act on their own. Defense Secretary Cohen reminded a news conference November 25 that "the front lines are no longer overseas. It can be in any American city."

The consequences of an attack with pathogenic agents could be devastating for a modern city. Bio-terror is moving from the realm of Hollywood to reality. Masks may offer some defense against infection, but, unlike chemical agents, those exposed are not likely to realize they have been exposed for several days—by which time treatment is futile. Vaccinations only protect against specific strains and antibiotics won't help after 24 hours.

### How to Cope— Defenses Against the Threat.

It is probably impossible to eliminate the proliferation of bioweapons in rogue countries determined to acquire a cheap strategic capability. Iraq was able to elude detection of its anthrax stores for years under the most intrusive arms control regime ever created. The BWC has no provisions for verification. How then to deal with unmonitored efforts such as Iran's? Deterrence may work up to a point, but germ weapons can be used without the perpetrator being identified, so the threat of retaliation is lost.

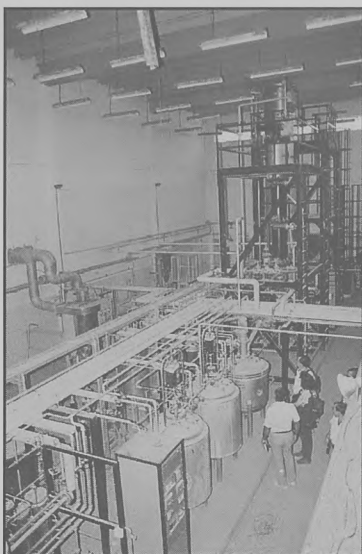
Potential target nations have only recently begun to prepare civil defenses against an outbreak of disease-by-design. Military, law enforcement, and health officials have begun training activities, but experience and funding are still insufficient to match the problem. The Pentagon is developing sensors to detect

terrorist use of bioweapons, but this technology is still in its infancy.

In the meantime, the greatest counterweight to the danger may be psychological. If Saddam is permitted to maintain his toxic arsenal, BW may be accepted in the public mind as an evil reality of the modern world. If, on the other hand, governments around the world continue to speak out against the horrors of such technology—as the U.S. has vocally done over the last month—and condemn the radical states proliferating them, then the taboo against BW use may not be broken. □

—Charles Perkins

*Perkins is AIPAC's Senior Military Analyst*



UNSCOM personnel inspect "fermenters" at an Iraqi bioweapons factory.

## AIPAC...continued

ues. "If we are as successful as portrayed," Kohr explained, "it is due to the profound interest Americans have in ensuring strong bonds between the U.S. and Israel and their willingness to roll up their sleeves and do something about it."

*Fortune* writer Jeffrey Birnbaum, who described AIPAC as "calculatedly quiet," contrasted lobbying today with the image of old-time practitioners. "Not long ago real-life lobbyists looked and acted like their caricatures: fat, cigar-smoking men who shoved hundred-dollar bills into the pockets of lawmakers. Nowadays a few people still fit that description,...but they don't hold much sway. [Successful lobbyists'] clout springs from the sincere support they get from actual voters back home." Birnbaum continued: Most of the effective lobbies "have large numbers of geographically dispersed and politically active members who focus their energies on a narrow range of issues. In other words, they know their conviction and vote them."

AIPAC fits the bill. It maintains in all 50 states "key contacts" who, because they have developed relationships over time with their elected officials, are able to gain access to them whenever needed.

(Continued on page 108)

## HEARD ON THE HILL

# Congress Funds Plans for Jerusalem Embassy

The House and Senate last week passed the Commerce, Justice, State, and Judiciary (CJSJ) Appropriations bill for FY1998. The bill's report language includes \$9.5 million for architectural designs and engineering plans for the construction of an American Embassy in Jerusalem. The provision was added at the insistence of CJSJ Appropriations Subcommittee Ranking Member ERNEST HOLLINGS (D-SC), with the support of subcommittee Chairman JUDD GREGG (R-NH).

### Letter Sent Urging President to Invoke Sanctions Against Total

A letter written by House International Relations Committee Chairman BEN GILMAN (R-NY) and Rep. SAM GEJDENSEN (D-CT)—and cosigned by 87 additional members of Congress—was sent to President Clinton this week. The letter urges him to enforce sanctions on Total for its involvement in a \$2 billion investment in Iran's energy sector.

Cosigning the letter were: GARY ACKERMAN (D-NY), ROBERT ANDREWS (D-NJ), DICK ARMEY (R-TX), SPENCER BACHUS (R-AL), HOWARD BERMAN (D-CA), BRIAN BILBRAY (R-CA), ROY BLUNT (R-MO), JOHN BOEHNER (R-OH), SHERROD BROWN (D-OH), DAN BURTON (R-IN), DAVE CAMP (R-MI), TOM CAMPBELL (R-CA), CHARLES CANADY (R-FL), BEN CARDIN (D-MD), STEVE CHABOT (R-OH), JON CHRISTENSEN (R-NE), PETER DEFazio (D-OR), ROSA DELAURIO (D-CT), LINCOLN DIAZ-

BALART (R-FL), LLOYD DOGGETT (D-TX), MIKE DOYLE (D-PA), JOHN DUNCAN (R-TN), ELIOT ENGEL (D-NY), LANE EVANS (D-IL), ENI FALEOMAVAEGA (D-AS), BOB FILNER (D-CA), MARK FOLEY (R-FL), JON FOX (R-PA), ROD FRELINGHUYSEN (R-NJ), MARTIN FROST (D-TX), ALCEE HASTINGS (D-FL), MAURICE HINCHEY (D-NY), DARLENE HOOLEY (D-OR), STEVE HORN (R-CA), CHRIS JOHN (D-LA), SUE KELLY (R-NY), BARBARA KENNELLY (D-CT), PETER KING (R-NY), TOM LANTOS (D-CA), RICK LAZIO (R-NY), SANDER LEVIN (D-MI), JOHN LEWIS (D-GA), WILLIAM LIPINSKI (D-IL), NITA LOWEY (D-NY), CAROLYN MALONEY (D-NY), THOMAS MANTON (D-NY), EDWARD MARKEY (D-MA), JIM McDERMOTT (D-WA), MIKE MCINTYRE (D-NC), MICHAEL McNULTY (D-NY), ROBERT MENENDEZ (D-NJ), CONSTANCE MORELLA (R-MD), JERROLD NADLER (D-NY), RICHARD NEAL (D-MA), FRANK PALLONE (D-NJ), MIKE PAPPAS (R-NJ), JOHN PORTER (R-IL), LYNN RIVERS (D-MI), TIM ROEMER (D-IN), CARLOS ROMERO-BARCELO (D-PR), ILEANA ROS-LEHTINEN (R-FL), STEVE ROTHMAN (D-NJ), BOBBY RUSH (D-IL), MARTIN SABO (D-MN), CHRISTOPHER SHAYS (R-CT), BRAD SHERMAN (D-CA), IKE SKELTON (D-MO), LOUISE SLAUGHTER (D-NY), ADAM SMITH (D-WA), CHRIS SMITH (R-NJ), VINCENT SNOWBARGER (R-KS), PETE STARK (D-CA), CLIFF STEARNS (R-FL), BART STUPAK (D-MI), JOHN SUNUNU (R-NH), JOHN TIERNEY (D-MA), ESTEBAN TORRES (D-CA), JAMES TRAFICANT (D-OH), FRED UPTON (R-MI), JAMES WALSH (R-NY), J.C. WATTS (R-OK), HENRY WAXMAN (D-CA), ROBERT WEXLER (D-FL), ROBERT WEYGAND (D-RI), FRANK WOLF (R-VA), LYNN WOOLSEY (D-CA), and SIDNEY YATES (D-IL). □

## The Arab Boycott of Doha: Inter-Arab Motivation

**B**ehind the official statements that the low level of Arab participation in the Doha economic conference resulted from Israel's tough stance in the peace process lie other agendas that pushed major Arab governments to absent themselves from the conference.

With only Jordan dispatching a high-level delegation; Kuwait, Bahrain, Tunisia, Oman, and Yemen sending low-level representatives; and Egypt, Saudi Arabia, Morocco, and the United Arab Emirates, most Arab governments demonstrated their reluctance to carry out the conference's main objective: strengthening economic and business cooperation with Israel as part of broader regional interaction.

Arab spokesmen stated they objected to such cooperation because of the current Israeli government's refusal to implement that nation's commitments in the peace process; ironically, the Arab absence itself harmed the peace process by weakening a vital mechanism for enhancing the regional acceptance and development of the process.

Inter-Arab relations have for many years played a key role in Arab policies toward the peace process and other important issues. While often generating confrontations and opposing coalitions, they have also created stabilizing mechanisms: Various Arab states occasionally emerge as successful third-party mediators, initiating procedures that help contain regional conflicts.

Thus, Arab summits were instrumental in facilitating broadly-based acceptance of Egypt's return to the Arab fold in 1987; an agreement over Lebanon (the Ta'if Agreement) in 1989; and the anti-Saddam coalition in 1990.

In the context of the Arab-Israeli peace process, the evolution of Arab consensus, particularly among the leading states—Saudi Arabia, Egypt, and Syria—was essential in facilitating the Madrid conference in 1991 and the subsequent negotiations. The leaders of these countries showed like-mindedness over major issues, for a while turning the peace process into a widely supported and regionally legitimate mechanism.

The main problem inherent in this consensus lies in the nature of the cooperation on which it hinges: Its maintenance requires the forging of low common denominators and withdrawals from ground-breaking policies that might wreck the consensus. During the era of the Labor government, for instance, Syria—whose own peace talks with Israel had stagnated—objected to the fast pace of Israel's developing relations with Qatar, Oman, Tunisia, and Morocco; Saudi Arabia and Egypt—Syria's main regional partners—pressured these states to slow down the development of their relations with Israel.

Diminishing—or even freezing—Arab-Israeli normalization became an instrument of choice for achieving trade-offs and consensus

in the Arab world. It served as a tacit component in the renewal, last December, of cooperation between Egypt and Syria and the Gulf states. In return for Egyptian and Syrian support for Gulf security, the Gulf states were prepared, by and large, to accept Cairo and Damascus' positions vis-a-vis Israel.

This understanding prompted a freeze in Gulf states' relations with Israel, leading to abstention or low-level participation at the Doha conference. In light of recent Iranian efforts to improve relations with some Gulf states—notably Saudi Arabia—the advantages of this process further induced a number of Arab states to take a hard line toward peace.

Moreover, major Arab states have used the opportunity of U.S.-UN tensions with Iraq to demand increased U.S. pressure on Israel prior to renewed imposition of UN sanctions on Iraq. Under these circumstances, the participation of Arab states at Doha became contingent on the achievement of inter-Arab agreements on Gulf security, Iran, and Iraq. A consensus over these issues seemed to most Arab governments as more important than advancing cooperation with Israel.

The peace process was thus deprived of a major stimulant, which could have helped bolster and legitimize it in the entire region. Furthermore, while the arrival of some Arab delegations in Doha—albeit at a low level—signals a ray of hope, the overall Arab attitude toward the conference indicates that Arab support for the peace process is still rather tenuous. —Joseph Kostiner □

*Professor Kostiner, a senior research fellow at the Moshe Dayan Center for Middle Eastern and African Studies at Tel Aviv University, is currently the Goldman Visiting Israeli Professor at the Department of Government at Georgetown University.*

### AIPAC...continued

AIPAC staffers and activists travel to an average of 600 communities annually, briefing its grassroots members on key developments and legislation and training them to be effective advocates. This month, AIPAC mobilized its members, and in less than a month they helped persuade a record 84 Senators and 271 Representatives to become cosponsors of legislation to limit the flow of missile technology to Iran. Throughout the year, AIPAC's members lobby Congress to ensure the continuation of U.S. aid to Israel, support strategic and defense cooperation, and promote legislation supporting the peace process.

AIPAC's lobbying process includes monitoring more than 2,000 hours of Congressional hearings in more than 50 committees annually. In addition, AIPAC professional and citizen lobbyists hold 2,000 meetings with



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their Federal representatives, and are active on over 130 pieces of legislation.

AIPAC President Melvin Dow expressed confidence in AIPAC's future: "Our commitment to sustaining U.S.-Israel relations is not only for the here and now, but extends over the horizon. That's why we take great pride in training our future leaders." AIPAC has student liaisons on more than 200 campuses across the nation, and plans to double that number by the year 2000. □

INTERNATIONAL STEERING COMMITTEE ON FREEDOM  
OF TRADE WITH ISRAEL

630 Fifth Avenue, 36th Floor  
New York, NY 10111  
212-581-5000

ful  
GATAN

Walter P. Stern, Chairman

MEMORANDUM

TO: Steering Committee  
FROM: Walter P. Stern, Chairman  
DATE: November 24, 1997  
SUBJECT: Update re: Boycott

WPS

I have discussed the current situation with some of you and indicated that we should wait until after the Doha Conference to see whether it would be useful to have a meeting. It seems to me:

- several lead countries called for a boycott of the meeting (Egypt and Saudi Arabia)
- nonetheless, there was no re-imposition of the Arab boycott, per se.

I do not feel it would accomplish much to meet just now, but, rather, I believe we ought to continue to monitor the situation closely.

I am enclosing several clippings and a detailed report from the Washington Institute on Doha.

I would appreciate feedback and comments.

WPS:sr

\* \* \* \* \*

Committee Members (Partial Listing)

Amer. Jewish Committee, David Harris  
Amer. Jewish Congress, Will Maslow  
Anti-Defamation League, Kenneth Jacobson  
Conference of Presidents of Major Amer.  
Jewish Organizations, Malcolm Hoenlein

Institute for Public Affairs, Betty Ehrenberg  
Jewish Community Rel. Council, Harriet Mandel  
Natl. Jewish Community Relations Advisory  
Council, Martin Raffel  
World Jewish Congress, Elan Steinberg

Subject: The Washington Institute: PEACEWATCH-- The Doha Conference

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THE DOHA CONFERENCE: A POST-MORTEM

By Lori Plotkin

DOHA-With the world focused on the UN-Iraqi standoff, the fourth annual Middle East/North Africa (MENA) Economic Conference concluded quietly in Qatar earlier this week. As Arab world heavyweights Egypt and Saudi Arabia officially boycotted the proceedings, the MENA summit ended on an ambivalent note: Though viewed as a general success for regional business participants, the event itself was a clear symbol of the dilemma posed for Washington by the linkage established by Arab states between U.S. policy toward Iraq and U.S. policy toward the Arab-Israeli peace process.

Mixing Business with Politics: As expected, politically-infused remarks pervaded the conference's opening session on Sunday as government and organizational leaders expressed both sorrow and anger over Israeli behavior toward the peace process. However, once the ceremonies were over, the theme switched to economics, with the only political overtones couched in economic discussions of such issues as the impact of closures on the Palestinian economy. Indeed, as the conference wore on, the real activity of the conference focused almost exclusively on business and economics, reverting to the overt political themes only when participants\* formulated the final communique. This document\*s affirmation of the commitment to the principle of \*land for peace\*-a phrase absent from last year\*s declaration -marked a show of strength for the Arab position.

Winners: Anecdotal evidence suggests that most of the conference\*s business participants, approximately 900 from 65 countries, were content with the outcome of the event. As has been the case with each of the past MENA hosts-Morocco, Jordan and Egypt-host-country Qatar stood to benefit the most. Indeed, Doha concluded many business agreements with the foreign participants, including the first corporate deal signed in conjunction with the conference-a \$825 million joint venture between government-owned Qatar General Petroleum Corporation (QGPC) and the U.S. firm Philips Petroleum. Supplementing the Qatari Amir's repeated assertions that he chose to hold the conference to fulfill Qatar's international commitment and advance the peace process, the Qatari finance minister also

expressed hope that the conference would yield "the desired results" to implement investment projects in Qatar. The irony of Arab allegations that the conference would only reward the Israelis and \*not be good for the Arabs\* was not lost on the attendees.

Behind Closed Doors: The now common sentiment expressed by potential Arab business partners with Israelis-that they are interested in cutting deals with Israelis but feel pressured by their governments and colleagues not to do so-surfaced at the conference, apparently arising more frequently this year as a result of the peace process impasse. But despite pressure on Arab businessmen not to attend (as suggested, for example, in pre-conference statements by Egypt's President Mubarak), Israelis were also sought after by Arab businessmen, including those from Egypt and other boycotting states. Such contacts occurred on the sidelines of the meeting, both at the conference center and in the city, according to several unofficial sources. This indicates that while the political process is virtually dormant, there remains an alive-but-weak desire for business-to-business contact.

Political Successes for the U.S.?: Although intense U.S. efforts to persuade its Arab partners to attend the conference did not bear fruit, the fact that the conference was held at all in the current climate may be judged a partial success. Further, in terms of numbers, attendance by those countries that did participate was relatively strong, rivaling that of last year's Cairo conference (though this data should be put in perspective as the conference was packed with hundreds of public and private sector Americans). As expected, U.S. officials repeatedly offered the most positive \*spin,\* with Undersecretary of State Stuart Eizenstat using the word \*success\* on every occasion. Of course, with the larger issues in play-from the dormant peace process to the face-off with Iraq just up the Gulf-the stakes at Doha were small in comparison.

In terms of rallying Arab support in favor of a strong stance against Iraq, Secretary of State Albright's remarks at Doha's opening session did not appear successful; only her comments about the need for advancing the peace process elicited applause. Ironically, the early emphasis she placed in her speech on Iraq, coming to the peace process only later in her address, seemed to have added to the negative reception by the conference audience, antagonizing Arabs who perceived her speech as too concentrated on the Iraqi stand-off and who viewed her presence in Doha as a mere \*stopover\* for a more important mission in the Gulf.

The Future of MENA Summits: In the context of a

weak peace process, boycotts by regional powers and the deepening antagonism of many Arab states toward U.S. regional policy, the very future of MENA summitry is now in doubt. Unlike previous years, this event did not end with a clear declaration about the site for next year's conference. Instead, the final communique noted that an announcement about the 1998 summit will be made at the World Economic Forum meeting in January. Despite the continuing logic of business-to-business relationships that can survive even tough times in the peace process, the lack of any regional volunteer to serve as host may mean that the concept of regionalism that emerged from the post-Gulf War, post-Madrid era will suffer another blow.

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Lori Plotkin, a 1996/97 Soref Research Fellow, attended the Doha summit on behalf of the Institute.

# Israel blamed as mega-projects stall

CAIRO — The near collapse of Middle East peacemaking has blighted next week's conference in Qatar meant to revitalise plans to knit Israel into the region's economy and build confidence between Arab and Israeli business elites.

The US has resorted to diplomatic arm-twisting to rally participation at the Middle East and North Africa (Mena) meeting, the fourth since a 1991 Arab-Israeli peace conference.

But acrimony over who will show up has soured a gathering that Qatar says must go ahead despite widespread Arab hostility.

In Egypt, which hosted last year's Mena conference and signed a peace treaty with Israel in 1979, businessmen blame Israeli Prime Minister Benjamin Netanyahu for wrecking peace efforts and spoiling prospects for Arab-Israeli co-operation.

"As businessmen, it is very annoying to see the stubbornness of the Likud government," said Ahmed Shawki, president of the American Chamber of Commerce in Egypt. He said the previous Mena conferences, especially the first two held in Casablanca and Amman, had exuded optimism. This had evaporated since Netanyahu took power in June 1996.

Tamer Nassar of the Egyptian Businessmen's Association said its members had developed good contacts with their Israeli counterparts in the preceding years when Labour governments led by Yitzhak Rabin and Shimon Peres were in office. "The whole momentum has come to a halt with Ne-

tanyahu," he said.

Nassar said Netanyahu's policies had spurred a "very strong anti-Israeli sentiment" among the Egyptian public.

"It is unfortunate because we think there is a lot of potential for co-operation with Israeli companies," he said. "But the political climate is not there."

Visionary mega-projects to turn the Middle East into an economic powerhouse of peace and prosperity have stalled. Plans for a regional power grid, development bank, business council, gas pipeline, roads and railways are all marking time.

Gulf officials and industry sources say the Middle East deadlock has choked prospects for big energy deals between Arab oil and gas producers and import-dependent Israel. "Economic co-operation between us and Israel has to take a back seat given the political situation," said an energy official from a Gulf Co-operation Council oil state.

Plans by Enron to supply Qatari liquefied natural gas to Israel fell through last year. A "peace pipeline" project to export Egyptian natural gas to Israel, backed by US firm Amoco, has also been effectively ditched since Netanyahu took office.

Even last year's Mena conference kept open the possibility of future energy co-operation, despite Egypt's assertion that it would supply gas to Turkey rather than Israel. Only Jordan is pressing ahead with major deals with Israel. — Reuters.

## Qatar Summit

Forwarded By GIL SEDAN 11/14/97  
JEWISH TELEGRAPHIC AGENCY

JERUSALEM — Of all the countries in the Middle East, Israel is alone in its eagerness to attend the upcoming regional economic summit in the Persian Gulf state of Qatar.

In a sign of how much the faltering peace process has dampened the prospects for expanding regional ties, only Israeli political and business leaders are showing any enthusiasm for the conference. Some Arab countries have already announced that they are boycotting the annual Middle Eastern and North African economic summit, while others have hesitated, citing the lack of progress in the Israeli-Palestinian peace process. Those countries that have agreed to attend did so under pressure from the United States, which views attendance as an expression of support for the peace process.

The meeting, slated to be held Nov. 16-18 in the Qatari capital of Doha, is unlikely to offer Israelis impressive business opportunities. Israelis have long understood that their real markets are far from the Middle Eastern bazaars. But for them, the fourth annual conference offers the Jewish state a chance to obtain what they perhaps want most of all: regional acceptance.

The conference is expected to be held on schedule, thanks largely to American pressure, and some 2,000 delegates are expected to attend.

Syria, Lebanon, Libya and Iraq are boycotting the conference — as they did the three previous meetings. The issue of Arab participation was high on the agenda of a recent meeting of the 22 foreign ministers of the Arab League. The ministers eventually decided to allow each country to decide on its own whether or not to attend the conference.

Some Arab countries haggled over conditions for their participation. For example, the European Union's peace envoy, Miguel Angel Moratinos, was told by the Tunisians that they would fly to Qatar only if Israel gave permission for Palestinian Authority Chairman Yasser Arafat's plane to take off from an as yet unopened airport in the Gaza Strip.

Eitan Ben-Tsur, director-general of the Israeli foreign ministry, responded to the Tunisian request, saying that Israel would not offer favors in exchange for any state's participation. Mr. Arafat said last week there would be no delegation from the Palestinian Authority attending the conference.

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*AJ Congress*

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212 879 4500 • Fax 212 249 3672

TO: David Clayman

July 15, 1996

FROM: Will Maslow

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I would appreciate any information you have or can get about  
Qatar's cancelling its economic contracts with Israel.

Thanks.

— \* \* \*

# AJCongress

\* \* \*

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David Clayman      דוד קליימן  
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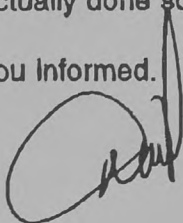
TO:              Will Maslow

July 16, 1996

FROM:          David Clayman

As far as I know, the seven-nation meeting (Syria, Jordan, Egypt, Saudi Arabia, and Gulf states) last week issued threats to rescind normalization agreements and impose sanctions, but none have actually done so.

I will follow this and keep you informed.



cc: Phil Baum

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*AJ Congress*  
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June 21, 1996

Embassy of Qatar  
600 New Hampshire Avenue  
Washington, DC 20037

Dear Sirs:

If your embassy publishes a newsletter issued regularly in the English language, the American Jewish Congress would be grateful if a copy is sent regularly to the undersigned.

Sincerely yours,

Will Maslow  
General Counsel

## Israel, Qatar move toward aviation pact

By Naomi Segal

Gulf Note

JERUSALEM (JTA) — In a sign of warming relations, Israel and Qatar have signed a document laying the groundwork for an aviation agreement between the two countries.

The director general of Israel's Civil Aviation Administration, Menachem Sharon, said after returning from talks last week in the Persian Gulf state that the first two commercial flights from Qatar were expected to land in Israel in the coming weeks.

The two countries apparently have recently been allowing humanitarian flights to land in each other's airports.

Israel and Qatar do not have diplomatic ties.

However, they have established commercial contacts.

A representative from Qatar attended Prime Minister Yitzhak Rabin's funeral in Jerusalem earlier this month.

A representative from Oman also attended the funeral. ☐

~~Confidential~~  
Qatar

WILL MASLOW  
ATTORNEY AT LAW  
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**Peres signs trade accord  
with Qatar during Gulf tour***By Naomi Segal*

JERUSALEM (JTA) — Israel and Qatar have signed an agreement to establish low-level economic ties, the second such accord between Israel and a Persian Gulf state.

The agreement to open trade offices in each other's countries was reached Tuesday, while Prime Minister Shimon Peres was making the first official trip by an Israeli leader to the emirate.

The decision to forge economic links, which represents a step just short of forging official diplomatic ties, came in the wake of a recent agreement under which Qatar said it would sell natural gas to Israel.

During Peres' visit, which lasted only several hours, the two countries also agreed on a series of joint business projects.

As part of the new opening with Israel, Qatar agreed for the first time to provide visas to visiting Israeli businesspeople.

In a show of hospitality, Qatari officials invited the Israeli delegation to stay on after Peres' departure.

But the Israelis explained that they had another prior commitment — to be home in time for the Passover seder.

Peres arrived in Qatar from Oman, which already has established economic ties with Israel.

Although Israel and Oman have no formal diplomatic ties, Peres was received at the airport Monday with a full state ceremony and military band.

During a meeting between Peres and Oman's ruler, Sultan Qaboos Bin Said, the two leaders affirmed their commitment to a comprehensive Middle East peace and to developing bilateral relations.

Peres' trip to Oman, aimed at extending trade, came after Prime Minister Yitzhak Rabin visited there in December 1994. □

# AMERICAN JEWISH CONGRESS



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OFFICE OF THE PRESIDENT

Qatar

### ***Enron to Supply Jordan***

AMMAN, Jordan, March 26 (Reuters) — Jordan has signed a letter of intent with the Enron Corporation to build a \$300 million plant in Aqaba to supply Jordan as well as Israel with natural gas from Qatar in the year 2000, energy officials said today. They said the plant would handle up to 2.5 million metric tons annually of Qatari liquefied natural gas, with about two million tons expected to go to Israel, and the rest to Jordan and possibly to Palestinian areas.

# QATAR

## ...The Arabian Gulf in 1997... With Ruling Family's Dispute Settled, Qatar's New Emir Charts Bold Course

By Richard H. Curtiss

The Emir of Qatar, Sheikh Hamad bin Khalifa Al Thani, met Dec. 9 in Rome with his father, Sheikh Khalifa bin Hamad Al Thani, for the first time since the son took over the rulership from his father in June 1995. The personal meeting marked the formal end of the dispute which had tied up the finances of the Emirate for 18 months. Under an agreement reached between their representatives, the father's foreign bank accounts have been unfrozen and some of the contents will be transferred to the government of Qatar and the control of his son. The amount of money in those accounts, accumulated from the proceeds of Qatar's oil sales over the past 25 years, was between \$2.1 and \$2.3 billion, considerably less than the \$6 to 8 billion rumored in the Middle Eastern press after Sheikh Hamad

of the ruling family and the emir himself. Even before settlement of the dispute, which had pitted Sheikh Khalifa and two of his sons against Sheikh Hamad and two of Sheikh Khalifa's other sons, women of the family had traveled unhindered between the two camps. What the father, Sheikh Khalifa, will do next is not clear and may in fact still be under negotiation.

Rumors have it that his principal palace in Qatar is being refurbished in preparation for a ceremonial return accompanied by a senior Gulf ruler such as Sheikh Zayid bin Sultan, president of the United Arab Emirates, or King Fahd or Crown Prince Abdullah of Saudi Arabia, perhaps in conjunction with a special Qatari event or occasion. Prior to the meeting, work also had been started on a palace made available as a permanent residence for Sheikh Khalifa by Sheikh Zayid bin Sultan, emir of Abu Dhabi. Sheikh Khalifa also has a summer residence in Switzerland.

As part of the settlement, the new Emir, Sandhurst-educated Sheikh Hamad, announced that his 19-year-old Sandhurst-educated son, Sheikh Jassem bin Hamad Al Thani, would be his heir apparent, settling one of the issues in the 1995 split between father and son. With the succession issue agreed, the money under state treasury con-

trols, and Qatar ready to launch in December the first shipment of liquefied natural gas from the country's vast North Field, the largest single deposit of natural gas in the world, Qatar's new emir is free to pursue his own dreams. And, although Qatar has the smallest population of the six Gulf Cooperation Council (GCC) states, its new emir's dreams may be among the biggest.

Although Qatar's Sunni Muslims are of the same strict Muwahidun (meaning "unitarian" but often called "Wahabi" after its promulgatory) creed as their conservative Saudi Arabian neighbors, Sheikh Hamad's vision seems pointed at a more liberal po-

Continued on page 49

## WIFE OF QATAR'S INNOVATIVE RULER ALSO MAKES HISTORY LEADING DELEGATION TO U.S.



Administrator at Qatar's Learning Center for learning-disabled in Doha.



Library at the Learning Center in Doha, which is supported by the Qatar Foundation, a personal charitable trust of the emir, Sheikh Hamad bin Khalifa Al Thani.

Sheikha Moza Al Misnad, wife of Qatar's innovative new emir, Sheikh Hamad bin Khalifa Al Thani, made history herself in November by leading a Qatari delegation of six women and two men on a 15-day visit to U.S. educational and medical institutions. The trip was made on behalf of five institutions that are supported by the Qatar Foundation, the emir's personal charitable trust. Each member of the delegation was on the board of at least one of those institutions as well as a specialist in the field it served.

The visit was planned by Sheikha Moza in conjunction with the American Embassy in Doha and Qatari Ambassador to the United States Abdel Rahman bin Saud Al Thani, who joined the delegation for some of its visits in the United States.

Continued on page 48



Doha's waterfront corniche with showpiece Doha Sheraton in background.

assumed the rulership during his father's absence abroad in June 1995.

In fact it turned out that over the years oil revenues had been split as they were collected, with roughly 50 percent being used to pay for petroleum production and Qatari government investments in gas production, liquefaction and transportation facilities. The remainder was used for the government budget, prestige projects such as the landmark Doha Sheraton hotel, which cost close to a billion dollars, and the expenses

Richard H. Curtiss is the executive editor of the Washington Report on Middle East Affairs.



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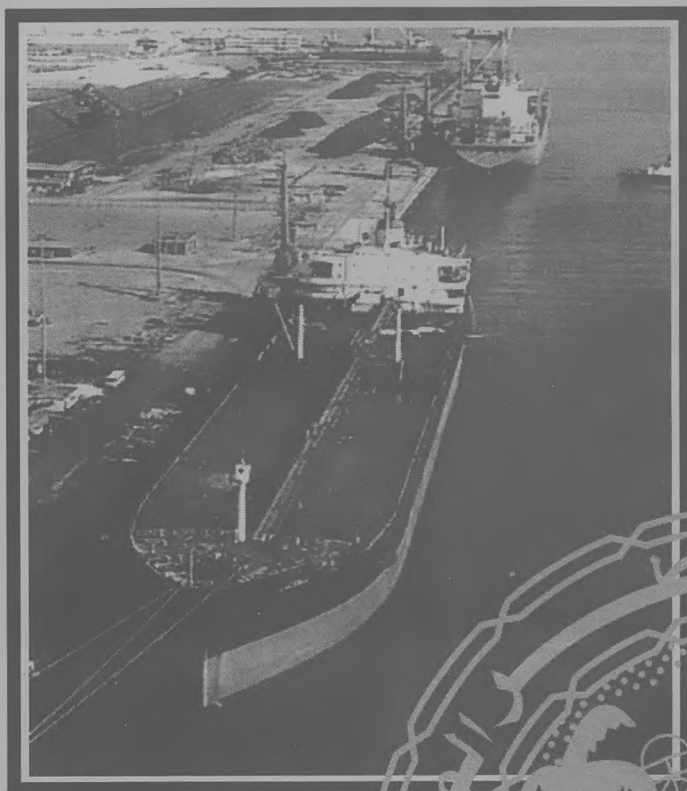
■ The Persian Gulf state of Qatar canceled plans to ~~open~~<sup>✓</sup> a trade office in Israel, a sign that Arab states are reconsidering forging economic ties with Israel under the Likud's Benjamin Netanyahu, according to media reports. Earlier this year, Qatar and Oman signed agreements to exchange trade missions with the Jewish state, stopping short of full diplomatic ties.

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# Qatar: Happy Independence Day

Twenty-five years ago this month the State of Qatar proclaimed its independence. In the span of just two and a half decades, the country has transformed its commercial base with the discovery of vast gas resources. Where once colorful dhows were familiar signs of commerce on the waters of the Gulf, a flotilla of multi-domed tankers will soon carry liquefied natural gas (LNG) to energy-hungry customers throughout the world.

These LNG shipments are the fruition of joint ventures, launched by the Qatari government in partnership with international oil companies, to develop the nation's huge gas deposits. Discovered in the 1970s, the North Field is the world's largest natural gas field with recoverable reserves of more than 300 trillion cubic feet. This treasure forms the cornerstone of Qatar's economic development as it moves into the 21st century.

The nations of the fast-growing Asia-Pacific region are the principal customers for LNG. In the 1970s and 1980s, Asian utilities—notably Japanese—relied principally on regional producers for LNG supplies. In the 1990s as demand for electricity soared, Japanese utilities, along with a growing customer base in South Korea and Taiwan, as well as potential new customers in China, Thailand, India and Turkey, began to consider Gulf-produced LNG an economically viable option.

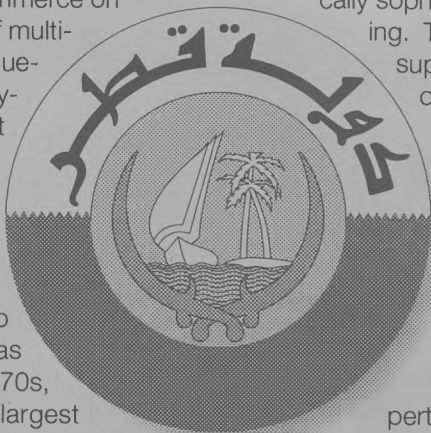
The LNG process itself is deceptively simple: Gas is extracted from a field, piped to LNG facilities where it is cooled in huge refrigeration units then loaded onto specialized tankers for shipment. At the customer end, liquefied gas is offloaded from tankers, regasified and piped to power plants. Simple, perhaps, on paper. In a world with abundant energy and limited capital, though, making an LNG project viable for sellers,

buyers and partners is commercially complex and challenging.

For Qatar, moving development plans for LNG from the drawing board to reality has been a major challenge. The projects are large, technically sophisticated and financially demanding. Today's projects involve 25-year supply commitments, cost upwards of \$10 billion and require a variety of financing mechanisms to ensure project success. The financial risks, which can be enormous, have to be weighed against the opportunities for profits. Each partner, each investor must be convinced the project is viable.

Mobil's experience and expertise in LNG have grown over the years. It began as we worked with the government of Indonesia to develop the Arun gas reserves over 20 years ago. It continues in the 1990s with Qatar General Petroleum Corporation as Mobil provides technical advice as well as marketing and financial expertise to Qatar's two LNG ventures. One of these, Qatargas, in which Mobil has a 10 percent interest, will provide six million tons a year of LNG to Japan. That's equivalent to providing 5,000 megawatts of electricity or enough to meet the average annual power consumption of New York City. First deliveries will begin later this year. The second, Ras Laffan, in which Mobil is a 30 percent partner, ultimately will provide at least 10 million tons annually.

Mobil is pleased to be a strategic partner with Qatar as it develops its abundant energy resources for the world economy. On the occasion of Qatar's 25th Independence Day, we extend our congratulations to His Highness the Emir Sheikh Hamad Bin Khalifa Al-Thani, the Government and the people of Qatar, together with our best wishes for the continued prosperity of Qatar under the Emir's wise leadership.



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*Sept 1991*

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# A Bold, Pragmatic Policy in Politics and Commerce

By Philip Moore

When in June 1995, 45-year-old Sheik Hamad bin Khalifa al-Thani ousted his father to become Qatar's new emir, notice was served to the Middle East in general and to the Gulf states in particular that far-reaching change was in the air.

While last year's palace coup represented a peaceful change of government in the tiny peninsula — warmly and rapidly accepted both at home and internationally — it brought to power a relatively youthful ruler who is single-minded in his pursuit of modernization. And while several other economies in the region cling, doggedly, to political and economic structures that are fast approaching their sell-by-date, Sheik Hamad's vision is one that should secure the prosperity and stability of Qatar's population of just over 500,000 (of whom only around 170,000 are ethnic Qataris).

A little more than a year after the change in Qatar's government, acceptance of the new administration already appears to be universal. Although the former emir has attempted unsuccessfully to regain power, the financial implications of last year's ousting now seem to be more important than the political repercussions. The former emir, who now lives in Abu Dhabi, has siphoned a considerable amount of foreign reserves (which took the form of "personal loans") into overseas bank accounts. Estimates as to how much has gone missing vary, although the London-based Economist Intelligence

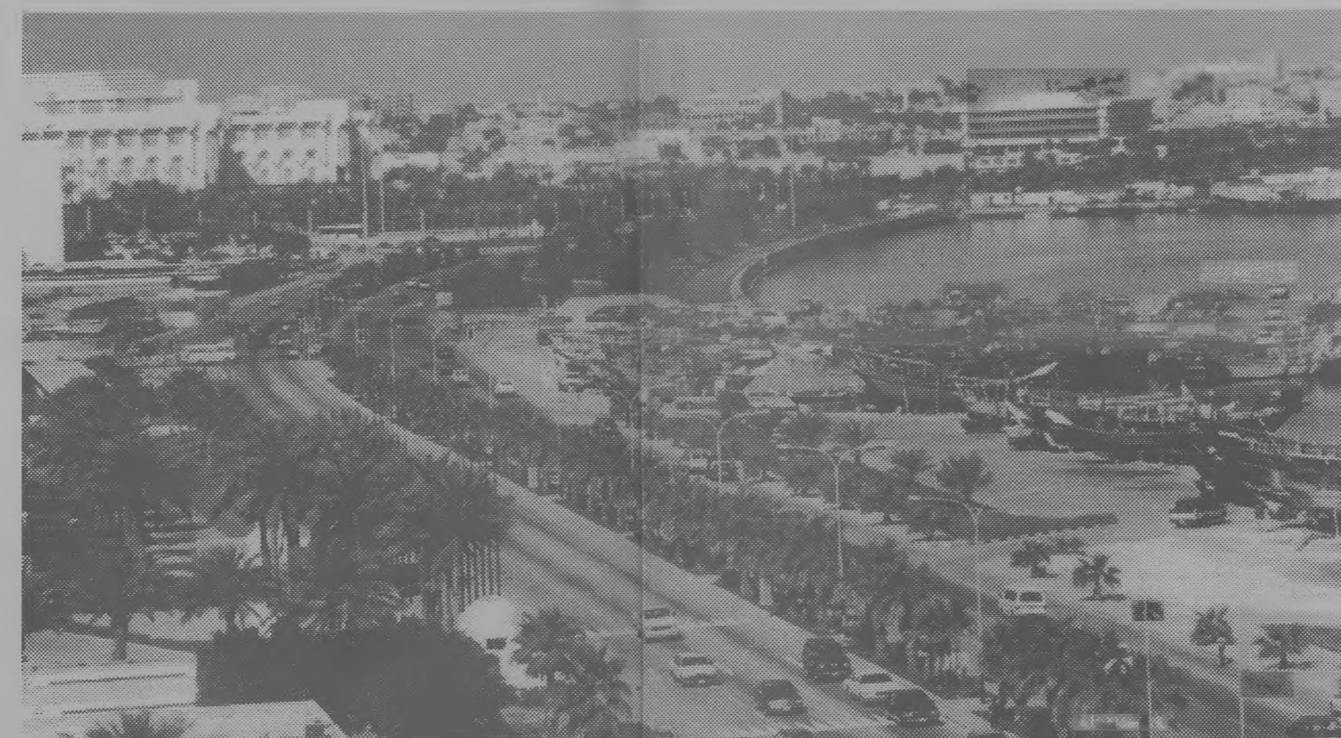
Unit (EIU) suggests that the consensus points to a figure of \$3 billion.

In today's Qatar, economic modernization is molded on a pragmatic view of future commercial trends, be they regional or international, as Qatar seeks to establish cordial trading relations wherever these may materialize. And if that means trading with Israel, so be it.

Political modernization, meanwhile, is founded on an unshakable belief that the region as a whole will inevitably move toward increased democracy. As a result, Qatar has already broken with tradition in the region by announcing that it will move ahead in 1997 with municipal elections, an initiative that has won the applause of the West but which has unsettled the unelected rulers of some of the country's neighbors.

The political transition — as Qataris like to call it — signaled virtually no departure from the country's economic policy. But, as Foreign Affairs Minister Hamad bin Jassem bin Jabr al-Thani explains, "there has been a change in the atmosphere, both economically and politically. Above all, we now have a very clear decision-making mechanism in the country."

This has ruffled a few feathers among Qatar's neighbors. Most worrying, for some of the region's longer-standing rulers, has been Qatar's acknowledgment that the Gulf can no longer live in a political vacuum. "We're not living in isolation," says Sheik Hamad, the foreign minister. "The people of this country have traveled



The Corniche in Doha, Qatar's capital

internationally, to the U.S., or the U.K., or France. Information is freely available via fax or the Internet, so there is no point in thinking we can seal the country up."

Although he does not say so explicitly, this mention of the inevitable free flow of information is almost certainly a veiled reference to the volley of politically subversive propaganda now circulating around Saudi Arabian fax machines, or to the recent incident in which Qatari television (which is accessible throughout the Gulf region) broadcast a 90-minute interview with two exiled members of the Bahraini political oppo-

sition, further muddying the waters in Doha's relationship with Manama — which has been strained in any event by a longstanding dispute over sovereignty of the Hawar islands off Qatar's west coast.

With the aim of allowing its people to hear and read whatever they want, one of the first measures taken by the new emir was to lift all censorship of the press. Again this is unprecedented in the Gulf and is described by Foreign Minister Sheik Hamad as one key step in Qatar's democratization process. "This whole area will have to move toward democracy step by step, and to find a

form of democracy which will suit our culture and our Islamic religion," he says. "The process may take 15 or 20 years, but democracy didn't come to Europe overnight. In France, it took 200 years."

Qatar's pragmatism and its acknowledgment of the need to adapt its political structure to conform more closely to growing global integration is also very apparent in its economic policy. "We're living in an era of free trade and free information and we recognize that we are a small county which has to open its doors to all trading partners and investors," says the foreign minister.

The operative word here is all. While there is nothing surprising about the investments that Qatar has attracted from the U.S., Japan and Europe in its oil and gas industries, the emirate is in the unique position much closer to home of having fostered cordial economic relations with both Israel and Iran. In an exercise of political legerdemain, which would have been unthinkable anywhere in the Gulf Cooperation Council as recently as the late 1980s, Qatar broke with Arab tradition last year by opening discussions with Tel Aviv over the sale of Qatari gas to Israel. This dialogue was further

cemented in April with the visit to Doha of then Israeli Prime Minister Shimon Peres.

Foreign Minister Sheik Hamad stops short of saying that Qatar is seeking to divorce politics and economics completely. As clear evidence of this, he points to the deal with Israel for the sale of Qatari gas that has been routed via the U.S. company, Enron, rather than via a direct bilateral transaction. "Of course we know that Enron will be selling gas to the Israelis, and we've given our approval for that. But we are not selling directly to Israel and we continue to make it clear that Israel must make some positive moves on the Golan Heights and South Lebanon," Sheik Hamad explains. "The peace process has to continue, for the benefit of the Israelis as well as the Arabs, and I think that both sides know that." Qatar's commercial relations with Israel, he adds, will be conditioned on the pace of the peace process.

In addition to pursuing improved trading links with Israel, Qatar is also very strongly committed to supporting the Palestinians. Not only was it the first nation to establish diplomatic ties with the Palestinian Authority, but Qatar's government has also provided seed capital for a Qatari-Palestinian joint venture — Salam International Investment Co., which is capitalized at \$250 million. The venture has already emerged as one of the most active players in the reconstruction of Gaza and the West Bank.

In spite of its overtures toward Israel, and of continuing

niggles in its relationships with powerful allies such as Bahrain and Saudi Arabia, Qatar remains very supportive of the six-member GCC. Its importance within this trading block will be reinforced this December, when Doha hosts the next GCC summit. "We're a member of the GCC because we firmly believe in its value," says Sheik Hamad, "but at the same time we believe that the members of the GCC need to be more united."

But Qatar's trade relations extend far beyond the immediate vicinity of the Middle East. Japan and South Korea have emerged as critical markets for Qatar's plentiful supplies of natural gas, while looking to the West, trading relations with the U.S. are also vital, with U.S. exports to Qatar totaling \$222 million last year. Yet relations with the U.S. are built on much more than commerce alone. Washington views Doha as a key political and military ally, and Qatar's preparedness to contribute its troops to the U.S.-led liberation of Kuwait from Iraq in the 1990-91 Gulf War was warmly appreciated in Washington. Today, the U.S. has a sizable contingent of troops and military hardware located in Qatar.

Culturally and socially, too, links between the U.S. and Qatar are expanding apace. A bilateral agreement was signed between the two countries in 1994 to promote cooperation in culture and education through the exchange of students and exhibitions and through the creation of closer links between Qatar's university and various colleges and universities throughout the U.S.



## Tiny Emirate Set to Become A Global Gas Producing Giant

"We'll be here for at least another 30 years," says Gilbert Blount, vice president of administration at Mobil Oil Qatar, one of the leading international investors in the emirate. Mobil holds a 30% stake in Ras Laffan LNG Co. (Rasgas) and a 10% interest in Qatargas — the two massive natural gas projects set to transform this tiny peninsula into one of the world's most important and prolific exporters of gas.

Qatar is estimated to have natural gas reserves of between 300 trillion and 380 trillion cubic feet, which is enough to last for at least 100 years and which could more than compensate for the limited life expectancy of the country's oil reserves of around 20 years.

The jewel in the crown is North Field, which covers an area of some 6,000 square kilometers (2,400 square miles) off Qatar's north coast and south of Iranian waters.

After having made an investment of close to \$10 billion in the development of the North Field gas reserves, 1997 will mark the beginning of payback time for Qatar, with the first shipment of natural gas by Qatargas scheduled for January. In what Glenn Scott, planning and technology adviser at Mobil's Doha office, describes as a "take-or-pay-agreement, which is unparalleled in the history of the international LNG industry," Chubu Electric Power of Japan has agreed to import the first four million tons of the Qatargas output

over 25 years. (The take-or-pay agreement pledges the buyers to pay for the gas whether or not they take delivery.) An additional two million tons of liquefied natural gas from Qatargas have been sold on similar terms to another eight Japanese companies, including Chubu Electric Power.

Meanwhile, Rasgas has negotiated an initial purchase-and-sale agreement with Korea Gas Corp. for the delivery of 2.4 million tons a year. Rasgas is expected to start exporting LNG in 1999, generating first-year revenue of \$105 million, rapidly rising to \$665 million by 2001.

Other memoranda of understanding or intent have been signed with major gas importers in Taiwan, China, India and

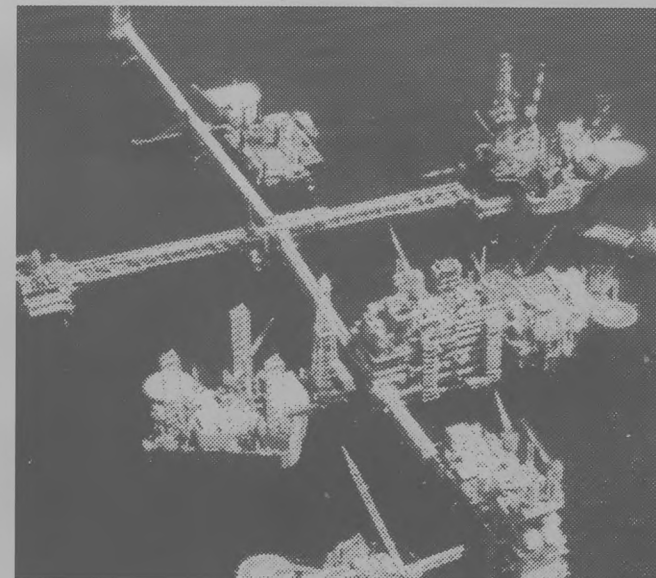
Turkey, and Mobil's Mr. Blount is convinced that similar agreements are bound to follow. The predicted growth in Asian LNG demand is phenomenal, he says, and world demand is expected to double by 2010, "which means we are talking about growth of at least 75 million tons. Qatar has to have a good share of that growth."

Asia is also a key focus of a third important natural gas project, due to come on stream in 2000. This is a partnership between Qatar General Petroleum Co. (QGPC), which holds 60% of the venture, and Enron of the U.S., which has 40%. The partnership aims to drill and develop a portion of Qatar's North Dome Field and export five million tons of LNG a year. Rebecca Mark, Houston-

based chairman and CEO of Enron Development Corp., explains that there are two clear reasons why Asian economies should increasingly favor natural gas from reliable sources such as Qatar, rather than the other fossil fuels upon which they have traditionally relied. First, aside from Indonesia, many of these economies have very few natural indigenous supplies of fuel. Second, she adds, as these countries become increasingly sensitive to the detrimental environmental costs of reliance on coal, the relative benefits of "clean" gas will become irresistible.

While the mind-boggling potential of Qatar's gas reserves has naturally grabbed most of the attention, the international oil companies active in the country insist that it is a mistake to allow the excitement surrounding the gas fields to overshadow the importance of crude oil.

In 1995, Qatar produced 447,000 barrels per day of crude, of which 338,000 bpd



Qatar's North Field gas operation

was accounted for by QGPC. By 2000, the total is expected to rise to 733,000 bpd, with a substantial contribution being made by four foreign ventures operating in Qatar under production-sharing agreements with the government.

Occidental Petroleum of the U.S. is applying its enhanced oil recovery technology in developing the Idd el Shargi North Dome oil field, which is expected to yield some 111,000 bpd by the turn of the century. Maersk is active in the Al-Sha-

heen field (where output is projected to rise from 20,000 bpd in 1995 to 87,000 bpd in 2000); Elf of France is working on the Al-Khaleej field (expected to yield 40,000 bpd in 2000); and a consortium led by Atlantic Richfield (Arco) is drilling in the Al-Rayan field (with an expected recovery rate by 2000 of around 30,000 bpd).

Aside from the obvious financial benefits which the developments in the oil and gas sectors will bring over the course of the coming decade, the massive expansion of Qatar's gas industry is also changing the landscape of the tiny state. In one of the Gulf's most ambitious new projects, Qatar Real Estate Investment Co. is constructing a new city — Ras Laffan township — 10 kilometers from the North Field gas operation. The city is scheduled for completion at the end of 1997, and will include 830 housing units in addition to a complete range of infrastructural and leisure facilities.

## Ambitious Aims to Diversify Industry

The bare statistics are misleading. In 1993/94, oil and gas accounted for some 60% of Qatar's total revenue. It is expected that by 2000/01, the contribution of these two commodities to Qatar's total earnings will rise to 72%.

The uninitiated may extrapolate from these figures that Qatar is in danger of falling into the age-old trap of commodity-rich economies and neglecting the development of its industrial base. Nothing could be further from the truth. Even if it has enough gas to last for over 100 years, Qatar is — and has been for many years — acutely conscious of the need to promote the expansion of other industries. These range from those downstream sectors directly related to oil and gas, most obvi-

ously petrochemicals, to a diversified cluster of other industries which are not.

Today, several of Qatar's industrial companies that were set up in the late 1960s and early 1970s are committed to ambitious and unprecedented expansion. Qatar Steel Co., which was incorporated in 1974 and in which two Japanese companies (Kobe Steel and Tokyo Beiki) have minority stakes, has launched a \$280 million expansion program aimed at boosting annual production capacity from its current 500,000 tons to 1.8 million tons.

Qatar National Cement Co., which dates back to 1965, is investing \$150 million in a new plant capable of producing 2,000 tons of cement a day. And Qatar Fertilizer Co. — in which the Norwegian giant, Norsk Hydro,

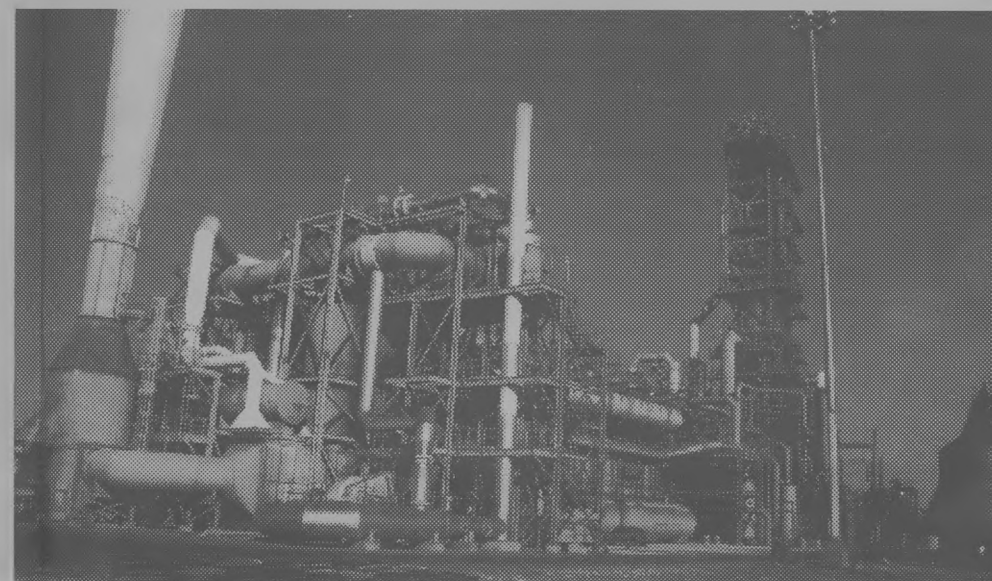
has a 25% stake — is constructing plants to produce 2,000 tons of urea and 1,500 tons of ammonia a year.

More recently, Qatar Fuel Additives Co. has unveiled plans to construct a \$700 million petrochemicals project. This aims to produce 825,000 tons of methanol and 610,000 tons of methyl tertiary butyl ether annually.

While many of these projects will eventually help diversify Qatar's export earnings away from the oil and gas sector, others are designed to reduce the country's overall imports. The food sector provides an obvious example. With the bulk of Qatar's land covered by desert, agriculture and fishing account for only around 1% of the country's gross domestic product, with food and live animals con-

tributing almost 13% of total imports. To bolster domestic food production, Qatar Flour Mills Co. is pressing ahead with an expansion program, which includes the construction of mill buildings and silos and the production of additional baby food, pasta and biscuits.

Despite these encouraging developments, Qatar acknowledges that more could be done to support nontraditional industries, especially through the provision of a deeper source of funding for new, export-oriented enterprises. As a result, the government recently announced details of a plan to establish Qatar's first Bank for Industrial Development, which will provide soft loans to small and medium-size companies in the nonoil sector. In addition to the government (which will hold



Qatar Steel Co.'s direct reduction plant in Umm Said

50% of the new bank's shares), founding shareholders are to include the country's largest bank, Qatar National Bank (with a 20% stake), Qatar Navigation, Qatar Insurance and

Doha Bank.

Meanwhile, Qatar's government is laying down the infrastructure that will support its industrialization drive. In the transportation sector, for exam-

ple, a new container terminal is already being constructed next to the existing port in Doha, which will be capable of simultaneously accommodating two large cargo ships, enabling

faster processing of imports and exports.

Another important infrastructural project aimed at eradicating transportation bottlenecks is the expansion of Qatar's only international airport on the outskirts of Doha. Work is due to begin early next year on this three-year project, which will add a three-story terminal, a hotel for transit passengers and an additional runway. By the end of the decade, it is expected that the airport will be capable of handling two million passengers annually, a figure forecast to rise to three million by 2020.

Potential power shortages that may arise from expanded industrialization are also being addressed by the government. Last month, the government announced it had commissioned the fifth and final turbine at its Ras Abu Fontas power and desalination plant as part of its program to boost its electricity capacity 400 megawatts by the end of 1998.

Christine Osborne Pictures

## Family Feud

# Ouster of Father Puts Emir in Place to Lead Change in Persian Gulf

Sheik Hamad of Qatar Likes Democracy, Cultivates Israel and Worries Saudis

Sheik Khalifa Vows Return

By DANIEL PEARL

Staff Reporter of THE WALL STREET JOURNAL  
DOHA, Qatar—The Persian Gulf's new troublemaker is the soft-spoken ruler of a tiny country that doesn't care what the neighbors think.

"They want us to be a follower," explains Sheik Hamad Bin Khalifa Al-Thani, wearing a white robe and blue Puma sneakers and smoking an English cigarette in his desert tent during a break from riding camels. "But this is my problem. I don't like to follow."

Since ousting his father as emir of Qatar in June, Sheik Hamad has made his



Sheik Hamad

own rules. Bucking Gulf custom, he works afternoons as well as mornings. One of his three wives broke tradition by speaking at Qatar University's graduation ceremony. Sheik Hamad ended censorship of Qatar's five newspapers and promised to hold the region's first municipal elections. He refused to keep secret his meetings with Israeli officials and agreed to sell natural gas to Israel. When Saudi Arabia outmuscled Qatar at a pomp-filled summit of Gulf leaders, Sheik Hamad walked out.

Qatar (pronounced *Cutter*), a desert peninsula smaller than Vermont in area and population, may seem like the Mouse That Roared. But Qatar could have a big impact in a region where change comes slowly and alliances shift quickly. In the oil-rich Gulf, only Kuwait has an elected parliament, only Oman hosts an Israeli trade representative, and most countries have had the same rulers for 25 years. Sheik Hamad, who is 46 years old, suggests what could eventually replace those aging rulers: an impatient generation, educated in the West, ready to flirt with democracy, and tired of bowing to the Saudis.

"This is the first of the next generation of rulers," says one Western diplomat. "This is the face of the future of the Gulf, like it or not."

Other countries don't like it. Bahram accuses Qatar of aiding dissidents in the island nation. Angry Saudi officials have told skeptical Western diplomats that Qatar is a "hub of revolution" and a stooge of Iran. And Qatar has accused its neighbors of assisting a foiled plot last month to overthrow Sheik Hamad. Qatar boycotted joint military exercises with its neighbors and demanded that other Gulf states help arrest aides to Sheik Hamad's father, Sheik Khalifa Bin Hamad Al-Thani.

Sheik Khalifa's court in exile is 200 miles away in the top-floor "Gulf Suite" of the waterfront Abu Dhabi Intercontinental Hotel, in the United Arab Emirates. There, while heavily armed men patrol the lobby and halls, Sheik Khalifa meets foreign dignitaries and issues statements through his aides. They deny he backed any coup attempt but say he supports a new opposition movement that is trying to overthrow Sheik Hamad. Sheik Khalifa, 63, doesn't acknowledge Sheik Hamad as son, let alone emir, and refuses to be quoted in the same article. He promised a Kuwait newspaper last week, "I am going back to Qatar as ruler."



Sheik Khalifa

He may have one advantage: control over much of Qatar's treasury. Qatari officials say Sheik Khalifa made off with about \$4 billion, in the form of personal loans he hadn't repaid. Qatar is cutting some benefits and is borrowing heavily to build the new luxury villas that are sprouting everywhere amid Doha's bewildering jumble of markets, government buildings and traffic circles. Sheik Khalifa's representatives deny he has Qatar's money and say the new regime is merely seeking a scapegoat for its budget troubles.

For the U.S., Qatar presents a dilemma. The U.S. wants to encourage the kind of reforms Qatar is pursuing. But it doesn't want to destabilize Saudi Arabia, a staunch ally, America's biggest oil supplier and a huge buyer of U.S. planes and weapons. If Qatar tears the Saudi-dominated Gulf Cooperation Council apart, the U.S. will have trouble justifying future military actions in the region.

"The United States is like somebody that's married to two ladies," says Mohamed Y. Behzad, a Qatari economist and columnist. "He loves one but doesn't like to hurt the other one."

The tension is also tough for Qataris, who abhor family quarrels. "We have strong relations between father and son," says Mahmood Baki, a 29-year-old bank worker, chewing chickpeas in a hookah-filled coffeehouse on Doha's waveless C-shaped beach. Mr. Baki figures Sheik Hamad wouldn't have overthrown his fa-

Please Turn to Page A10, Column 1

# Emir of Qatar May Lead Change in Gulf

Continued From First Page

ther for selfish reasons. "He's well educated, he's young, he has good ideas, and we believe in him."

Succession battles are a tradition for the Al-Thani family, which built its fortune from Qatar's pearl trade and ran the region under British rule. Before oil production cranked up in the late 1940s, there wasn't much to rule; one British official described Doha as "little more than a miserable fishing village straggling along the coast for several miles and more than half in ruins."

When Sheikh Khalifa wrested power from his vacationing uncle in 1971 and made Qatar an independent country, it was becoming a kind of oil paradise. Without taxes, Qatar could guarantee its citizens free electricity and health care, a government job and a house, and fat checks to celebrate weddings and births. Young Qatari men insisted on going abroad to college, whether it was Portland State University or Oxford University. A cellular phone and "beeper" soon became standard accessories to the traditional white robe, headdress and sandals.

Still, Qatar, like Saudi Arabia, remained traditional and insular. Most Qatari women wore veils, and few worked with men or drove. Sheikh Khalifa insisted that Qatar control its oil and gas industries. And he tended to defer to the Saudis to protect Gulf unity. When Bahrain and Qatar had a territorial dispute over a man-made island in 1982, it was Saudi Arabia that decreed the island should be dismantled.

## Iranian Connection

The 1991 Gulf War jolted Qatar, showing that Saudi Arabia couldn't protect its neighbors without help from the U.S. Qatar made deals with American oil companies such as Occidental Petroleum Corp. and Mobil Corp. and let the U.S. set up a military depot in Qatar. It annoyed the Saudis by building ties with Iran and Iraq and taking another island dispute to the World Court. Saudi Arabia and Qatar even had a brief exchange of gunfire over a border dispute after the Gulf War.

The oil slump also made Qataris more feisty. Efforts to tap Qatar's huge under-water gas field were dragging. Guest workers — Palestinians, Pakistanis and others who make up most of Qatar's population of 500,000 — were filling hospitals and schools to the bursting point. And a baby boom of well-heeled Qataris was starting to look for work.

In 1992, several dozen Qatari intellectuals signed a letter calling for more citizen participation. Last summer's comedy-theater hit in Qatar, "Hello Gulf," lampooned indecisive Gulf leaders by showing a future in which oil prices have plunged and Qataris are flocking to India to beg their former drivers for jobs. During a performance in Kuwait, an elderly woman rose and shouted "Hopefully that day is not coming," recalls the play's 40-year-old Qatari author and star, Ghazem Al-Sulaity. His ad-libbed retort: "If we stay like this it will."

Sheikh Hamad had been thinking along the same lines. The eldest of five sons, he saw Western democracy firsthand as a teenager on a trip to London, where he laughed so hard at a raucous House of Commons debate that he had to be led away from the gallery. But by the time Sheikh Hamad graduated from England's Sandhurst Military Academy in 1971, he was an admirer of Winston Churchill as well as of Egypt's Gamal Abdel Nasser. He became Qatar's defense minister, and by 1992, Sheikh Khalifa had passed on most responsibility to Sheikh Hamad. The crown prince installed young contemporaries to fill key positions.

At some point last year Sheikh Khalifa tried to rein in his son, but it was too late. One June day, aides say, Sheikh Khalifa was listening to the radio in his Geneva hotel room when a news report informed him his son had declared himself emir.

Sheikh Hamad quickly made gestures of openness. He let reporters cover meetings of his appointed advisory council. The government announced the lifting of cen-



sorship in September, and promised to dissolve the government's sprawling Information Ministry. Cable television came to Qatar, censored only during the occasional bedroom scene. The Internet is on its way.

"We cannot hide, we cannot make a screen from the West," says Sheikh Hamad Bin Jassem Bin Jabr Al-Thani, 37, Qatar's fidgety foreign minister and a distant relative of the emir. "We think democracy is going to reach every place today. It is better that we give it to our people, and not to have them take it from us."

## A Family Business

Qatar is still run like a family business, though. A Qatari who needs cash to finish an addition on his house can go to the emir's weekly *majlis*, or open meeting, and ask for a check, which the emir sometimes signs himself. Sheikh Hamad has asked editors not to make personal attacks on government leaders. And in December, the government shut down Al-Watan newspaper for a day after it published the final communique of a Gulf summit as the meeting was getting under way. The scoop wasn't a shock: The foreign minister owns 33% of Al-Watan, and his aide edits it.

Sheikh Hamad acknowledges democracy isn't an easy fit. "Our people, most of them are from tribes. Democracy is something we have to teach," says the ruler, sitting

with his wife Mousa by a tea-table covered with TV remote controls. As one small step, Qatar launched a weekly talk-radio show called "Issues and Opinions," to which the emir listens faithfully. And Qatar is sending an official to the U.S. to learn how to set up elected town governments. But will women be allowed to vote? "I have to see the head of the religious people, if they will accept," Sheikh Hamad says.

Qatar's ruling family comes from the conservative Wahhabi sect of Islam, like Saudi Arabia's. "If we can build democracy as Wahhabis, it's going to spread so fast," Sheikh Hamad predicts. Palestinian writer Said Aburish, a critic of the Saudi regime, agrees, saying, "There are people within the House of Saud who say it's about time we moved to a new generation. There is no doubt about it." For now, power in Saudi Arabia remains firmly in the hands of King Fahd and his brother Abdullah, who are both in their 70s. The Saudis have been able to prevent internal dissident movements from emerging, but have grown testy about their neighbors.

After Qatar walked out of December's Gulf Cooperation Council summit in a dispute over the group's leadership, Sheikh Khalifa reappeared on the scene. Sheikh Zayed Bin Sultan Al Nahyan, 78, ruler of the United Arab Emirates, set aside more than 70 rooms at the government-owned Intercontinental to house the deposed emir's delegation and French bodyguards while a palace is prepared for them. During a January tour, rulers of Saudi Arabia, Syria, Egypt and Bahrain greeted Sheikh Khalifa with red carpets, flags and banquets.

In retaliation, Qatar aired an interview with Bahraini dissidents on its TV station, whose signal travels easily across the water. On Feb. 19, Sheikh Khalifa met with German lawmakers visiting Abu Dhabi and declared that he was the legitimate ruler of Qatar and would return soon.

At that point, Qatar's army had already started arresting officers suspected of conspiring to kill Sheikh Hamad. As Qatari officials tell the story, mercenaries massed on the Saudi border and entered Qatar in civilian clothes, smuggling bazookas and rifles with the aid of a Qatar border guard; when the army stood by Sheikh Hamad, they fled back to Saudi Arabia. As Sheikh Khalifa's forces tell it, there was an internal uprising in Qatar, squelched after an informer leaked the plans, and hundreds fled the country because dissidents were being tortured.

U.S. officials have persuaded Qatar to tone down its accusations against its neighbors until it can present proof. But Qatar is taking more steps likely to annoy the other Gulf states. It is negotiating to set up direct flights to Israel and planning to host Israeli Prime Minister Shimon Peres next month. It is declaring itself ready to waive the standard limit on foreign ownership of ventures. "We don't care if it's over 50%," says energy and industry minister Abdulla Bin Hamad Al-Attiyah. And Sheikh Hamad is preparing a law that would prevent an emir from mixing personal and

Stadiums on the GHS River Shoreline.

public bank accounts.

That law is clearly directed at Sheik Khalifa. At first, Sheik Hamad had insisted his father's portraits continue to hang beside his own, and he still hopes for a reconciliation this summer in Cannes, but chances seem slim. Their last conversation, in September, was one word on the telephone: Sheik Hamad said "Hello," and Sheik Khalifa hung up.

At the Sheraton Doha last week, Sheik Hamad's portrait hung next to a bare hook.

Quelan

# Business With Israel Hasn't Been Hurt By Setbacks in Mideast Peace Process

etc. 4/13/8

By AMY DOCKSER MARCUS

Staff Reporter of THE WALL STREET JOURNAL

TEL AVIV—Israeli Prime Minister Shimon Peres's vision of a "new Middle East" was dealt a serious setback by the recent terror attacks by Islamic militants who oppose making peace with Israel. But terrorism isn't stopping companies from trying to do business in the region.

Even as the U.S.-sponsored antiterrorism summit opens today in the Egyptian resort town of Sharm el-Sheikh in an effort to reinvigorate the faltering peace process, Israeli and Turkish businessmen will be sitting down in Tel Aviv for a conference on prospects for joint ventures in everything from construction to petrochemicals. Turkish President Suleyman Demirel, one of the 31 world leaders at the Sharm el-Sheikh summit, is expected to sign a trade agreement with Israel this week, something no longer so uncommon between Israel and a Muslim country.

An Israel-Egypt commercial office designed to increase bilateral trade opened in Tel Aviv this week, and 11 Israeli companies are off to the Cairo International Fair next week, where seminars on business promotion between the two countries will be held. A delegation from Mongolia, a country that had no diplomatic relations with Israel before the peace process began in 1991, is in town to promote economic cooperation with Israel. And the Israeli newspaper Yediot Aharonot, quoting government officials, reported that, in an effort to increase regional economic cooperation and support the battle against terrorism, the Gulf Cooperation Council is considering lifting its ban on direct trade with Israel. Saudi

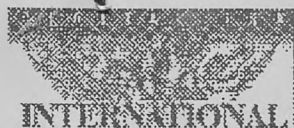
Arabia and the five other Persian Gulf members of the Council had previously stopped blacklisting U.S. and other foreign companies that did business with Israel.

Ronny Strauss, who heads Citibank's new office in Tel Aviv, says the bank's plans to develop business in Israel and the region haven't been changed by the four suicide bomb attacks in Israeli cities since Feb. 25. "We're going ahead as planned and so are our clients," Mr. Strauss says.

Israeli executives know things could change if the terror continues or peace talks don't get back on track, and no one argues that terrorism is good for business. "But the fact that this [antiterrorism] conference is even taking place shows how much the region has changed," says Fredy Zach, general manager of Promote Consulting in Tel Aviv, which works with international firms looking for deals in the region. "That sort of message gives a push to economic relations."

It certainly made a difference to Montgomery Securities, a San Francisco investment bank that had considered canceling a scouting trip to Israel this week. In the end, the bank co-hosted a Tel Aviv cocktail party for 125 Israeli venture capitalists and entrepreneurs and visited 34 health-care and technology companies in hopes of doing two or three public offerings of Israeli firms this year.

"There's no loss of interest in Israeli emerging-growth companies by U.S. investors," says Joseph Schell, executive director of investment banking at Montgomery. "Until they hear to the contrary, they've decided that what they should believe in is the peace process."



## Qatar Emir's Ouster Reflects Family Role in Gulf Politics

By Thomas W. Lippman  
Washington Post Staff Writer

28 Jun 95 12:00am  
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When father and son fall out in the Arab lands along the Persian Gulf, or brother quarrels with brother, there is often more at stake than heirlooms and feelings. Entire countries change hands in family councils.

It happened in Saudi Arabia, where the ruling family eased out the incompetent King Saud in favor of Crown Prince Faisal in 1964. It happened in Oman, where Sultan Qaboos bin Said ousted his father, the reactionary Sultan Said, and sent him into exile in London in 1970. It almost happened in Sharjah, one of the United Arab Emirates, in 1987, when Sheikh Abdelaziz Qasimi ousted his brother, only to have his coup overturned by the other six emirates.

The latest example is Qatar, the thumb-shaped peninsula that juts into the gulf from Saudi Arabia. The United States yesterday recognized Prince Hamad bin Khalifa al-Thani, 45, as Qatar's legitimate ruler, a day after Hamad deposed his father, Sheik Khalifa, 63, who ousted a cousin in 1972.

The al-Thanis, like the House of Saud in Saudi Arabia and the Sabahs of Kuwait, have long run Qatar as a family enterprise. Close-knit, immensely wealthy clans not only rule these countries but own them, with a chosen or self-appointed family member serving as chief executive officer of the corporation. The personalities at the top may change from time to time, but the basic systems do not.

There are no elections for the top leadership, and family members hold most key cabinet portfolios, including in Qatar the ministries of finance, justice, foreign affairs and defense. That is why no major changes in Qatari policy are likely, analysts here said: The motivation for the palace coup was more personal than political. "We understand that the major families and tribes in Qatar have publicly pledged their acceptance of this change and that it has taken place peacefully," State Department spokesman Nicholas Burns said.

Assured that Qatar will remain "a steadfast security partner and a dependable member of the international community," Burns said, the United States recognizes Hamad as emir, and "we're looking forward to a close, friendly, supportive relationship with the new government."

Qatar is a Connecticut-sized country with 513,000 residents, of whom less than a third are Qatari citizens. But it has an importance disproportionate to its size because of its strategic location, its membership in the Organization of Petroleum Exporting Countries, its vast reserves of natural gas and a maverick reputation in international affairs.

Under policies shaped by the new ruler during his years as crown prince, Qatar has begun doing business with Israel while maintaining harmonious relations with Iraq and Iran.

Qatar also has agreed to allow the United States to position enough military equipment for an armored brigade at a military base under construction on its western shore and to use Qatari airfields. Hamad brokered those agreements, and the United States expects them to remain in effect, officials here said.

"We don't anticipate any changes in the plans" to put the military equipment in place, a Pentagon official said. "We think the atmosphere could even improve with the crown prince in charge."

"We are honoring every single international and bilateral agreement with all countries," including the U.N. economic embargo on Iraq, a Qatari diplomat said.

According to sources here and reports from the region, Hamad had been the de facto ruler of Qatar for several years, charting an independent course in foreign policy that often

irritated Qatar's giant neighbor, Saudi Arabia.

Hamad made the change in power official while his father was in Switzerland undergoing treatment for alcoholism, U.S. and Arab sources said. "I am not happy with what has happened, but it had to be done and I had to do it," Hamad said in a televised speech after taking power, the Reuter news agency reported.

News reports from Switzerland said the deposed Khalifa moved yesterday from a hotel in Zurich to a hostelry in Geneva, along with a 45-member entourage. The ousted ruler said in a statement from his suite at Geneva's Hotel du Rhone that he is still "the legitimate emir" and would return to his country to reclaim his position "whatever the cost."

His Geneva statement said he had had telephone contacts with the heads of the other five members of the Gulf Cooperation Council—Saudi Arabia, Kuwait, Oman, the United Arab Emirates and Bahrain—and "they all expressed their total support for the legitimated rule and denounced what has happened."

Some analysts, including Kenneth Katzman of the Congressional Research Service, predicted that the palace coup would upset Saudi Arabia, because it suggests that if one ruler in the region can be deposed by a family member, others can as well. But with the United States and several Arab countries already doing business with the new government, it seemed unlikely that Khalifa would be able to make a serious move to return to power, analysts here said.

Qatar

## ***Qatar Leader Is Sent Packing by His Son***

By The New York Times

PARIS, Tuesday, June 27 — A long-simmering family dispute within the ruling family of Qatar culminated today in the forced departure of Emir Khalifa Bin Hamad al-Thani, who was asked to leave the country for an extended stay abroad by his son and Crown Prince, Hamad Bin Khalifa al-Thani.

The father and son have been feuding for more than two years. Much of the power in the tiny emirate of 300,000, which sits on a huge natural gas reserve, was already in the hands of the Crown Prince.

But Arab officials in the region said the Crown Prince seems to have removed his father and brothers even further from power today.

Senior Arab officials in Bahrain and Saudi Arabia would not describe the move as a coup, however, pointing out that the Emir had not been stripped of his title.

Officials in Saudi Arabia said the development was noteworthy only because the Crown Prince had been pursuing closer relations with Iraq and Iran, both bitter enemies of Saudi Arabia and other members of the Gulf Cooperation Council.

*Qatar*

NEW YORK TIMES **INTERNATIONAL** THURSDAY, JUNE 29, 1995

## *New Emir of Qatar Wins Saudi Recognition*

DUBAI, United Arab Emirates, June 28 (Reuters) — The new Emir of Qatar won the vital recognition of the five other members of the Gulf Cooperation Council today, including Saudi Arabia, one day after he ousted his father in a bloodless pal-

ace coup.

Recognition of the new emir, Sheik Hamad bin-Khalifa al-Thani, seemed to reduce the possibility of opposition to the takeover in Qatar.

The coup ended a power struggle in which the previous Emir, Sheik Khalifa bin-Hamad al-Thani, 63, apparently tried to regain powers he had passed on to his 45-year-old son, who had been running the emirate for the past three years.

Under Sheik Hamad, Qatar befriended Iran, restored ties with Iraq, its gulf war enemy, signed a defense pact with the United States and went further than other gulf states in normalizing ties with Israel.

The Iranian Government also rec-

ognized the new Emir and said it hoped his takeover would help strengthen security in the region, the Teheran radio reported.

The United States recognized Sheik Hamad on Tuesday. Washington is building a base near Dukhan on the western shore about 50 miles from Doha. It will "preposition" there equipment for one armored brigade as part of a United States strategy to meet emergencies like Iraq's 1990 invasion of Kuwait.

THE NEW YORK TIMES  
JUN 29 1995



March 1, 1996

QATAR

## Emir of Qatar tells U.S. Jews he seeks closer ties to Israel

By Michele Chabin

DOHA, Qatar (JTA) — The leader of the Persian Gulf nation of Qatar has told a group of visiting American Jewish leaders that he is interested in expanding ties with Israel.

"We are thinking about opening an interest section" in Israel, Sheik Hamad bin Khalifa Al Thani, the emir of Qatar, told members of the Conference of Presidents of Major American Jewish Organizations during a private meeting this week at the royal palace here.

The emir added: "We have ended the secondary and tertiary boycott and are considering an agreement between [our respective] airlines."

In October 1994, the six members of the Gulf Cooperation Council — Qatar, Oman, Saudi Arabia, Kuwait, the United Arab Emirates and Bahrain — announced an end to their participation in the secondary and tertiary boycotts.

Under the terms of those boycotts, Arab nations would refuse to do business with companies that traded with Israel, as well as with third-party firms that traded with those companies.

Qatar and Oman, more than the other GCC members, have been extending the frontiers of their dealings with Israel.

In October, Qatar approved the sale of natural gas to Israel with an American firm serving as an intermediary.

In January, Oman and Israel signed an agreement to set up in each other's countries commercial interest offices, generally seen as a first step toward diplomatic ties.

Some 24 members of a Presidents Conference' delegation flew from Israel to the tiny Gulf nation of Qatar on Thursday at the invitation of the emir, whom they praised for his support of the Middle East peace process.

Meeting with the delegation just a week after he thwarted an attempted coup spearheaded by his exiled father, whom he overthrew in June, the emir acknowledged his vulnerability and asked for American assistance.

"You have to understand our situation. Our population is less than 100,000, and our neighbors are scared, hesitant about the peace process. We are a small nation that supports peace and we are ready to do more."

The American leaders, who were also hosted by the country's foreign minister in a well-publicized visit, praised the Qatar officials' openness.

Shoshana Cardin, past president of the Presidents' Conference, said the emir "was very candid in expressing his vulnerability as he moves forward in a democratic fashion and continues to support the peace process. We found him very trusting and open." □

## INTERNATIONAL BUSINESS

# 9.5% Growth In China Stuns Experts Again

## Amid Uncertainty, Inflation Stays Low

By SETH FAISON

BEIJING, July 22 — The Chinese economy is growing at an amazingly fast clip, yet it confounds economists by spurring remarkably little inflation.

Reaffirming China's claim as the fastest-growing economy in the world, officials from the State Statistical Bureau announced today that the gross domestic product grew 9.5 percent in the first half of the year, compared with the first half of 1996. During the same period, the retail price index, China's benchmark for inflation, rose just 1.8 percent.

"Miraculous," said David O'Rear, a regional economist in Hong Kong. "Either they have been tremendously successful in bringing down inflation, or else the data is all wrong."

Although economic statistics in China are badly incomplete, failing to account for an enormous underground economy, the twin trends of high growth and low inflation are clear. And they point toward the possibility that growth will allow Chinese leaders to work their way out of the deep economic uncertainty posed by a failing state sector and its danger of widespread unemployment.

The economy has chugged along at an average of 12 percent growth over the last five years. Rising exports again played a big role in the first half of this year, growing 26 percent, to \$80.8 billion. Imports remained steady at \$63 billion. But the sharp decline in the inflation rate — down from 24 percent three years ago — has surprised even the most optimistic of economic forecasters, who keep adjusting inflation projections downward.

Qiu Xiaohua, chief economist and spokesman for the State Statistical Bureau, predicted today that the retail price index would grow only 2 percent to 3 percent this year, far below the 6 percent officially predicted a few months ago.

One reason is that a bumper harvest has depressed grain prices, which in China account for a major

**'Miraculous,' an  
economist says.  
'Or else the data is  
all wrong.'**

part of the price index.

Yet many economists award a big share of the praise to the tight credit policy begun in 1993 when Deputy Prime Minister Zhu Rongji took over as head of China's central bank. With inflation high, and the outlook wildly uncertain, taking responsibility for the economy was a move that prompted many political analysts to predict that it would end his career.

Instead, it made him a rising star. With his sparkling economic success, Mr. Zhu is now widely expected to replace Li Peng as Prime Minister early next year when Mr. Li is required to step down after two five-year terms.

Despite the strong economic news, however, China's leaders still face a serious problem in how to handle the 100 million workers in the state sector, where only a small portion of enterprises turn a profit and where Government subsidies are falling fast.

Ever nervous about worker unrest and the challenge to Communist Party rule it would pose, leaders are grappling with the question of whether large-scale layoffs are best done now while economic growth is high and inflation is low.

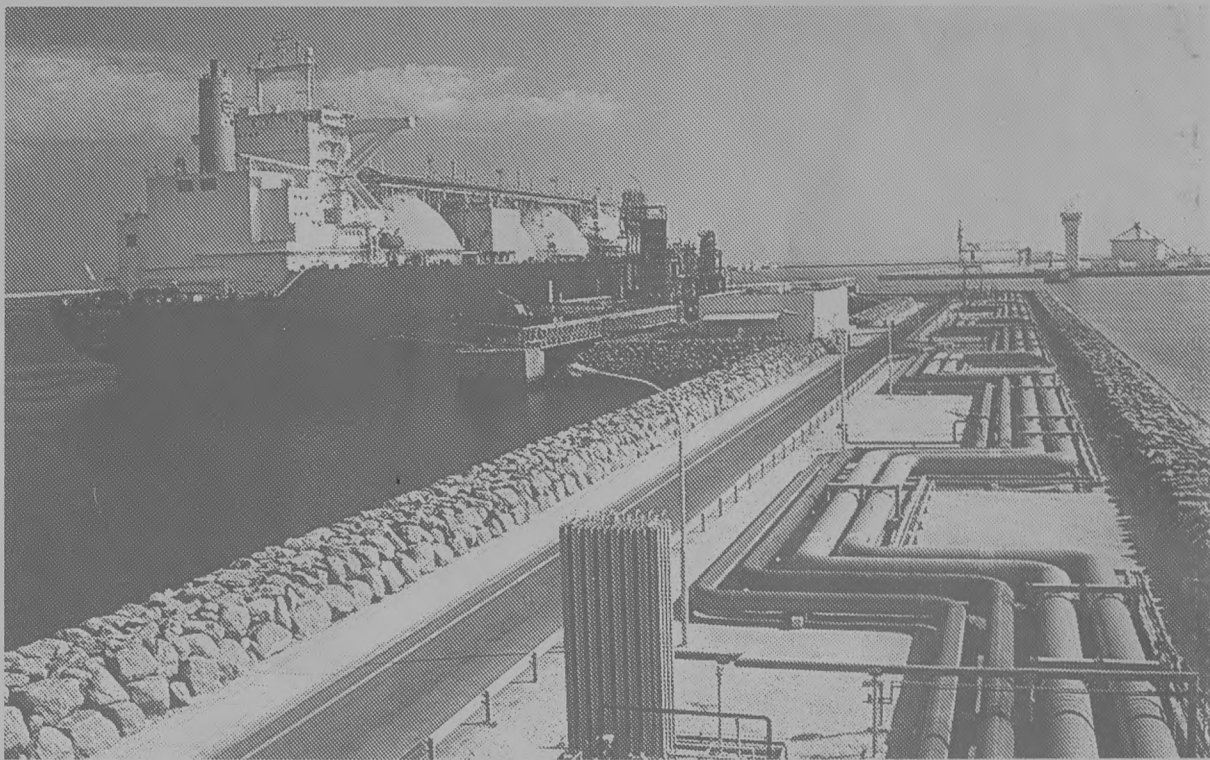
Large street protests broke out in Sichuan Province this month when workers at a failing mill accused its managers of embezzling unemployment-relief funds. Yet such protests are still relatively rare for a country in the middle of tremendous economic upheaval.

Ye Zhen, chief spokesman for the State Statistical Bureau, said that more than 10 million urban workers lost their jobs in the first half of this year, and that roughly half of them had found alternative employment.

Mindful of the vulnerable nature of an economy in transition, Mr. Ye described today's good news about high growth and low inflation as "advancing in the midst of stability."

"We have achieved the high growth and low inflation that we have aimed at for years," he said.

SUMMER IS FOR CHILDREN:  
GIVE TO THE FRESH AIR FUND



Al Zubarah, a 4.84-million-cubic-foot-capacity tanker, commissioned last year, in port in Qatar before heading to Japan, one of the world's biggest gas consumers. The emirate is prospectively an international energy giant.

# Qatar's Treasure-Trove: Natural Gas

Continued From First Business Page

services. Once there is money to spare, the country's new Emir, Sheik Hamad bin Khalifa al-Thani, has indicated that one of his top priorities will be to create a high-quality university for this nation of less than 600,000 people.

The Emir — who pushed aside his father in June 1995 — and his advisers have made clear that they hope to learn from the mistakes of other rich Persian Gulf nations. They want to avoid becoming another Saudi Arabia, which has had to contend with a backlash bred by internal resentment as many of its citizens have watched their living standards shrink even as their leaders have acquired more palaces and weapons.

"Normally, wealth makes jealousy," the Emir said in an interview. "And if you ask whether money could bring problems, yes, it could bring problems."

In conversations with associates, the Emir has also indicated that he is aware of the risks of blurring the lines between government and commerce that are so common in the gulf region. Qatar's Foreign Minister, Sheik Hamad bin Jassim al-Thani, for example, is also one of the country's most visible businessmen. One of the first steps the new Emir took, officials said, was to reduce the privileges enjoyed by the royal family and to prohibit officials from traveling abroad on Government money unless the trip was official business.

The obstacles to transforming Qatar's gas into wealth have been monumental, and for years the previous Emir, Sheik Khalifa bin Hamad al-Thani, was hesitant about borrowing heavily abroad to finance the project. While Sheik Khalifa was on the throne when the project was belatedly begun, the current Emir, Sheik Hamad, who ran the Government's day-to-day affairs for three years before taking supreme power, has been the driving force behind the gas project, according to Western diplomats and industry officials.

To establish Ras Laffan, 50 miles north of the capital, Doha, and to dredge an enormous port from the shallow coastal waters, Qatar has already spent nearly \$18 billion, far in excess of its relatively modest \$3.6 billion in revenue last year, on oil production.

With total costs expected to exceed \$20 billion, Qatar will be paying off its banks and other creditors for at least the next five years. But if all goes as planned, the financial squeeze should ease around 2002, experts and Qatari officials say. By then, Qatar should net at least \$7 billion from energy products, most of it from natural gas, a relatively clean fuel for which world demand is expected to double in the decade ahead.

While not practical for most transportation needs, natural gas can be adapted to nearly every other industrial use with far less environmental damage than that caused by burning coal or oil. The main obstacle to its wider use has been that it is generally much harder than oil to move from where it is produced to where it is needed.

"This country took some big risks, but right now it's looking as if they will pay off," an international banker here said.

With the deliveries that have already begun, Qatar has become the third-largest supplier (behind Indonesia and Malaysia) of liquefied natural gas to Japan, a big consumer.

In a separate project, where deliveries are expected to start in 1999, agreement has been reached with South Korea on a contract that will establish Qatar as its second-largest supplier after Indonesia. And officials of the Government-backed Qatar General Petroleum Corporation, the majority shareholder in both enterprises, have been aggressive in courting further customers, which could include Turkey and Thailand.

By the end of the decade, their target is for Qatar to export 12 million metric tons of gas a year; in the longer term, the North Field is capable of as much as 30 million tons a

year for export.

But there are risks ahead. Europe, now the world's most lucrative market for natural gas, is amply supplied by pipelines that more conveniently deliver gas directly from Algeria, Russia and the North Sea. In Asia, which is expected to become the fastest-growing market for gas, only Japan, South Korea and Taiwan have the means to handle ships carrying liquefied gas. So to win new customers, Qatar will not only have to battle longtime producers like Indonesia and Malaysia but also persuade other countries to build the costly import facilities. And if the price of gas plunges, Qatar could have a hard time paying off its debts.

Still, Qatar seems to be sitting pretty. To understand just how big the North Field is, oil experts say, people might remember the excitement over the discovery of what were then considered to be huge gas fields off the coast of Indonesia two decades ago.

Those are believed to hold 15 trillion to 16 trillion metric tons of natural gas, and they remain the main

## Most Dependent

The countries that imported the most natural gas in 1995. Figures include gas shipped by pipeline and by ship.

	Trillions of cubic feet
United States	2.82
Germany	2.45
Japan	2.04
Italy	1.25
France	1.21
Czech Republic/ Slovakia	0.53
Belgium	0.45
South Korea	0.33
Spain	0.30
Poland	0.25

Source: American Petroleum Institute

The New York Times

sources of the gas shipped each year to Japan. By comparison, the North Field off Qatar's coast is believed to hold 350 trillion metric tons of recoverable gas, none of it associated with oil deposits. (That's enough gas to meet the heating needs of all the homes in the United States for 60 years.) The deposits extend north into Iranian waters, where the field is called South Pars.

Both Russia and Iran have reservoirs of gas larger than the North Field, but they are associated with oilfields — something regarded by most producers as less desirable because it can make gas production more costly and complicated.

And while experts say that a good North American natural gas well might deliver 10 million cubic feet a day, the wells already in production off the Qatari coast are delivering 100 million cubic feet, a production rate so powerful that it further reduces costs by limiting the need to drill large numbers of wells. The single offshore platform where production is already under way lies in just 160 feet of water. The gas itself

lies 8,000 to 12,000 feet farther down, but from deep beneath the seabed it is piped directly to a liquefaction plant on shore through a single 32-inch line.

To establish itself in the world's natural gas market, Qatar had to borrow heavily from international and local banks, and it won the backing from American investment and insurance companies for a \$1.2 billion bond offering that was the largest ever in the Middle East.

And it sought out the main bond-rating agencies, and was most recently given an investment grade of BBB+ by Standard & Poor's.

It is also in partnership with Mobil, which holds a 10 percent stake in the project now under way, which is known as Qatargas. Other foreign companies with substantial shares in the project are the French oil concern Total, with 10 percent, and the Japanese trading companies Mitsui and Marubeni, with 7.5 percent each.

Mobil holds a stake of nearly 30 percent in a second project, Ras Laffan LNG, known as Rasgas, where production is to begin in 1999. Until single-digit stakes were recently sold to South Korean investors, Mobil was the Qatari gas company's sole partner. Under the 25-year contracts already signed, Qatargas is to provide its customers — Japanese utilities — with six million metric tons of natural gas annually. The Rasgas project is committed to supplying South Korean customers with 4.8 million metric tons a year, beginning in 1999.

But until it can bank money from those sales, Qatar is looking to its dwindling supply of oil to keep its economy afloat. The country produced 500,000 barrels of oil a day last year, exceeding its OPEC quota of 368,000. But officials say they intend to try to produce 700,000 barrels a day by the year 2000, a stance that may anger other exporters of oil.

By the latest World Bank estimate, the per-capita gross national product of Qatar in 1995 was only about \$11,600, far below top-ranked Luxembourg, at \$41,210. By comparison, the per-capita G.N.P. of the United States was \$26,980. The statistics for Qatar include a large number of foreign contract workers, so the per-capita income for Qatari nationals is far higher.

But while Qatari officials, including Youssef Hussein Kamal, Under Secretary of Finance, Economy and Trade, say that the need to repay creditors may cause strains in the years ahead, Qatar could well leap to the top of the class within a decade. Mr. Kamal also serves as deputy chairman of the Qatari gas company.

Such prospective wealth will come at an opportune time. Qatar's proven oil reserves are about 3.3 billion barrels, enough perhaps to last 25 years.

With its gas coming on stream, Qatar is already in a much more comfortable position than countries like Bahrain, whose oil has nearly run dry and which has no gas of its own. And its future may be brighter than those of Saudi Arabia, Kuwait or the United Arab Emirates, where oil revenue in recent years has failed to keep pace with population growth.

Still, Qatari officials are reluctant to brag just yet.

"By 2005," said Mr. Kamal, the Under Secretary for Finance, "we will be more relaxed than we are today."



## INTERNATIONAL

could even lose his own Quebec seat. Win or lose, Mr Chrétien is nearly five years older than 58-year-old Mr Martin and might decide on a dignified withdrawal to the golf course. The leadership would then be Mr Martin's to lose.

### The Bahamas

## Not so nice

**B**AHAMIANs expected a nice little campaign for their March 14th election, with talk of the economy, the new social reforms and the old corruption. Instead, they got a murder. After the rally at which the prime minister, Hubert Ingraham, opened the campaign of his Free National Movement, his campaign manager, Charles Virgill, suddenly disappeared. His body was soon discovered, and three young men have been charged. Nobody is suggesting that this was a political assassination. But crime is now an election issue.

One of the men accused of shooting Mr Virgill took part in a bizarre ceremony when Sir Lynden Pindling's Progressive Liberal Party (PLP), in opposition since 1992, held its convention in January. A few dozen members of teenage gangs were led through a self-improvement oath, adapted from the pledge used in the United States by Louis Farrakhan. They swore not to beat their wives, not to abuse little girls and boys—and to use guns only in self-defence.

Sir Lynden's supporters say he seeks to bring rejected young people under his corrective wing. The gangs—Rebellion, Raiders, Gun Hawks—behave more like English

football fans than Colombian drug-runners. Yet involving them in politics, however honourable the intention, has touched a raw nerve. Mr Ingraham has accused Sir Lynden of playing a dangerous game.

Unconnected to the murder though Sir Lynden is, he now—for a man who was prime minister for 25 years—looks distinctly less than confident. He was treated last year for prostate cancer, and this election is probably his last. Constituency boundaries have been redrawn. Some safe PLP seats on thinly populated islands have disappeared. In January, Sir Lynden's local bank accounts were inspected by a government commission that found he had acted improperly in accepting \$375,000 from two contractors while he was chairman of the government's Hotel Corporation.

Since Mr Ingraham's party came to power five years ago, the Bahamas has started to live down its reputation for corruption and mismanagement. The economy is growing fast. Big hotels are expanding all the time. Hutchison Whampoa, a Hong Kong conglomerate, has just opened a huge container trans-shipment port on Grand Bahama.

Fine, say PLP supporters, but jobs in banking and hotels are going to foreigners, and unemployed young men join gangs because they feel left out. Voters worry about the rise in crime; a year ago the Bahamas started hanging people again, after a 14-year gap. Mr Ingraham argues that more education and training will help. So it will, but the shortage of jobs is not the only problem. Some gang members miss the fast money and excitement of the Bahamas' 1980s drugs boom. For them the 1990s are a boring anti-climax.

### Qatar and Bahrain

## One goes up, the other down

**With a little help from their friends, two Gulf mini-states are ending their long dispute over a cluster of islets, reefs and sandbanks. But at home the two are travelling in different directions. First, we report from Doha**

**O**NCE little more than an underpopulated prong on the Arab coast of the Gulf, Qatar is being propelled into the world by a new ruler and the discovery of vast reserves of natural gas. The new emir, Sheikh Hamad bin Khalifa al-Thani, ejected his father from power 21 months ago. Since then, apart from having threatened to take his father to court if he did not hand back several billion missing dollars (Saudi Arabia persuaded him to drop the threat), Sheikh Hamad has promised municipal elections and perhaps a direct poll next year for his *shura*, or consultative council. For a Gulf state, this is lively stuff.

The chief cause of change in Qatar, how-

ever, is an ocean of gas. This Arabian promontory, with a population of about 600,000 people (only a quarter of them native Qataris), has the world's third-biggest proven gas reserves, after Russia and Iran. By 1999, the two main projects, Qatargas and Rasgas, should respectively be exporting 6m tons of liquefied natural gas a year to Japan and 2.5m tons to South Korea. A third project, which had been going to send 2m tons a year to Israel, fell through when Israel had second thoughts; the gas may now be sold to India instead. Add all this to Qatar's oil exports, expected to be worth about \$3.4 billion this year, and the prospects for the early 2000s look bright.

Qatar

### Rich years ahead

Natural gas, production years remaining (R/P ratio\*) countries with greatest reserves, 1995



There is, however, a price to be paid meanwhile. The equipment needed to get the gas flowing, and to expand oil production, has sharply increased Qatar's import bill. By 1998, it could be twice what it was in 1995, and the current-account deficit is expected to reach \$3 billion this year. The budget deficit for the fiscal year ending this month will come to about 10% of GDP. The IMF has suggested bigger import taxes and a stiffer profits tax on big companies, neither of which will be popular.

This calls for a steady hand during the time before the gas money starts flowing in. Sheikh Hamad has formally named his third son as his heir, thus (perhaps) preventing arguments over the succession. In foreign policy, he has been careful to extend a polite hand to Iran and Iraq—when Saddam Hussein's son, Uday, was wounded in a recent assassination attempt, Qatar sent a consoling delegation to Baghdad—while paying due respect to the conservatives of Saudi Arabia. His own view of the Muslim faith is fairly relaxed: drinks can generally be bought in the hotels of Doha, the capital. If Sheikh Hamad does allow some real elections, his cautious liberalisation and the gas wealth to come could between them make Qatar matter much more than it used to.

## On dubious trial

**T**HIS week Bahrain's State Security Court began the closed-door trial of 59 people who were arrested last June. Soon after their arrest, half a dozen of the accused were paraded on television where they "confessed" to having been recruited by

# BOYCOTT REPORT

Developments and Trends Affecting the Arab Boycott  
and Arab Influence in the USA

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A Publication of the American Jewish Congress

# Qatar Leader Chides U.S. Over Gulf

*Visiting Ruler Says Policies Toward Iran, Iraq Have Failed*

6/11/91

By Thomas W. Lippman  
Washington Post Staff Writer

Coming from one of this country's best friends in the Arab world, the message President Clinton can expect to hear from the ruler of Qatar might have special resonance: Your policies toward Iran and Iraq haven't worked, and it's time to try something else.

Sheik Hamad Bin Khalifa, who deposed his father two years ago, said in an interview yesterday that although he is committed to good relations with Washington he cannot endorse U.S. strategy of "dual containment" of small Qatar's two powerful Persian Gulf neighbors.

"With Iran, you have no more excuses," he said. "The new president, [Muhammad] Khatemi, I think he is not from the extremists. I believe that communication with Iran is better for the United States and better for the area. Iran is a major country; you tried blocking Iran [economically], but you couldn't make it."

Khatemi, elected in a surprising landslide May 23, is widely viewed as more liberal on social issues than other prominent Iranian figures, but has given no indication he is prepared to seek accommodation with the United States.

As for Iraq, Sheik Hamad said, "I think the Iraqi people have suffered enough" because of tight economic sanctions imposed by the U.N. Security Council after Iraq invaded Kuwait in 1990. He stopped short of saying sanctions should be lifted, but he said "the regime [of President Saddam Hussein] is more strong

than before, so America should find a way."

Many in the Middle East agree, but few get to express themselves directly to Clinton at the White House, as the Qatari ruler does today. His country is in high favor with U.S. policymakers for several reasons, including its support for peace with Israel, giving him access to the president.

Hamad, 48, said he did not come to the United States primarily to express Persian Gulf security views,

*"I believe that communication with Iran is better for the United States and better for the area. Iran is a major country; you tried blocking Iran [economically], but you couldn't make it."*

— Sheik Hamad Bin Khalifa

but he plans to share them with the president. The main purpose of his trip, he said, is to promote a November regional economic summit conference in his capital, Doha, the

fourth of such conferences promoting Arab-Israeli economic ties.

Because of the breakdown in the "peace process" between Israel and the Palestinians, many Arabs have retreated from a seemingly growing acceptance of Israel as neighbor and potential trading partner. The Arab League wants contacts with Israel to halt.

"There is a lot of pressure on us, but we committed ourselves a long time ago" to host this year's conference, the Qatari leader said. "What is happening now is not encouraging," he said, and it would be easy for his country—small and relatively remote from Israel—to pull back on contacts with the Jewish state.

"Nobody would blame us," he said, "but we support the peace. We are a peaceful country, and we want to see peace in the area."

Qatar is a thumb-shaped peninsula slightly larger than Puerto Rico, jutting into the Persian Gulf from its only land neighbor, Saudi Arabia. It has only about 550,000 citizens, but oil reserves and vast natural-gas fields give it a per-capita economic output of about \$21,000 a year, among the world's highest.

The United States was among the first countries to accept Hamad's palace coup two years ago, and he has rewarded Washington with support in the peace process and political and social reform at home—including upcoming municipal elections, an initiative guaranteed to make neighboring Saudi Arabia nervous.

Qatar is also home to a U.S. military storage facility, and it allows the U.S. Air Force to fly out of a base there.

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**A Publication of the American Jewish Congress**

7/12/97

Qatar

# Boycott Points to Decrease in Mideast 'Peace Dividend'

By JOHN DANISZEWSKI  
TIMES STAFF WRITER

CAIRO—One of the few flickering lights of Arab-Israeli cooperation is in danger of being extinguished this year—the Middle East and North Africa economic summits, launched with great fanfare in 1994 as the symbol of a “new Middle East.”

An announcement last month by Saudi Crown Prince Abdullah that his country intends to boycott this year's meeting in Qatar is widely seen as a signal to members of the Persian Gulf oil club that they should not attend. Syria also is a strong proponent of a boycott, while Egypt is keeping its options open.

At the summits, sponsored by the United States and Russia, the Middle East countries have sought to find areas of cooperation to increase prosperity for all—the “peace dividend” of Israel's improved relations with its Arab neighbors.

But the impasse that has struck the Mideast peace process is casting a chill over steps by Arab countries to normalize relations.

Begun in Casablanca, Morocco, and followed by sessions in Amman, Jordan, in 1995, and Cairo in 1996, the summits have been part trade fair and part government forum.

The remarkable sight of Arab princes in flowing caftans and headdresses hobnobbing with Israeli businessmen in yarmulkes raised hopes that half a century of enmity was coming to an end.

Ambitious energy projects, water conservation proposals and tourist marketing plans were discussed at the first meetings. But few of these plans have been put into action. Now Arab commentators argue that another summit would serve no real purpose.

The tiny, wealthy Gulf state of Qatar, encouraged by the United States, so far is insisting that the meeting in its capital, Doha, will go on in November as planned.

But Crown Prince Abdullah told reporters on a visit to Lebanon last month that the Saudis will send no one, saying: “We told [the Qataris] this conference will harm them, and we advised them that we and most Arabs will not attend.”

The crown prince, first in line to the Saudi throne, also said that his country will not be swayed by U.S. pleas. “We informed [the Americans] of our viewpoint,” he said. “How can this

[summit] happen when Jerusalem is being lost and swallowed?”

Most Arab countries are taking the Saudi view and do not plan to be at the summit, Mohammed Zakariya Ismail, assistant secretary-general of the Arab League, recently told journalists.

Officially, however, the Arab League says it is still too early to decide, and Egyptian Foreign Minister Amir Moussa says that peace process developments between now and November will determine Egypt's stance.

The debate over the summit echoes the controversy that followed last year's election of Israeli Prime Minister Benjamin Netanyahu. Alarmed by his campaign pledges to oppose a Palestinian state, reinforce Israel's claim on all of Jerusalem and expand Jewish settlements in the West Bank, a pan-Arab summit in June 1996 issued a statement saying that its members' improved relations with Israel would depend on further progress being made in peace negotiations.

Last year, some Arab countries urged Egyptian President Hosni Mubarak to call off the economic summit in Cairo. But he demurred, saying that such a move against Israel was premature. He ultimately used the summit to showcase Egypt's modernizing economy; some Arab delegates shunned Israeli counterparts.

The summits were born of a different time, amid hopes raised by Arab-Israeli negotiations in 1991 and the subsequent peace accords between Israel and the Palestinians.

Advocates argued that a Mideast peace could offer a big boost to the regional economy. If technological, manufacturing and managerial skills in Israel could be combined with capital, resources and markets in the Arab world, the moribund Middle East could be catapulted into the ranks of the world's growth regions, proponents said.

Sheik Hamad Jassim ibn Jaber al Thani, Qatar's foreign minister, says the summit still offers business opportunities and Israel's presence should not be a stumbling block. “The conference does not force anyone to deal or not to deal with Israel,” he has said.

With the region's most developed and diversified economy, Israel would not necessarily be the biggest loser if the summit does not occur. “This conference is for the benefit of all the countries of the Middle East,” stressed Lior Ben-Dor, an Israeli Embassy spokesman in Egypt. “Not only for Israel.”

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A Publication of the American Jewish Congress

# Young Turk of the Gulf: Emir of Qatar

By DOUGLAS JEHL

DOHA, Qatar, July 7 — It began as a quiet coup, and now the question is whether it was also the beginning of a quiet revolution.

For Sheik Hamad bin Khalifa al-Thani, who toppled his father two years ago to become Emir of Qatar, the transformation has not been easy. His Government had to foil at least three attempted counterattacks while battling furiously to recover billions of dollars in the foreign bank accounts of the former Emir.

But at 47, Sheik Hamad has adopted a course so distinctive that it has caused discomfort and even alarm in neighboring Persian Gulf oil monarchies, where the average age of the five other heads of state is 69.

"This is the beginning of the 21st century in the gulf," said a Western diplomat who predicts that similar turnover in the years ahead in countries like Saudi Arabia, the United Arab Emirates and Kuwait could eventually bring similar changes.

Already, Sheik Hamad has announced an end to press censorship, and he has established a satellite television station that allows open criticism of his Government and others in the region.

But Qatar (pronounced gutter) remains far from a democracy, with power and wealth firmly in the hands of Sheik Hamad and his family.

Under the country's 1971 Constitution, members of a 35-member advisory council were to have been elected, but no such elections have been held. For now, even Sheik Hamad has said he intends to continue the practice under which its members are appointed by the ruling family.

Despite its declaration of an end to press censorship, the new Government has twice shuttered newspapers after they published articles deemed contrary to Qatar's interests. And while he speaks of moving toward democracy, he has already chosen as his successor a 19-year-old son, Sheik Jassim bin Hamad al-Thani, the new Crown Prince, who has followed in his father's footsteps by attending the British military

academy at Sandhurst. "If the leaders concentrate on controlling their people, through the police and through the intelligence services, the result will not be good for the country as a whole. So I don't want to see myself in that position in the future."

Under Sheik Hamad's father, Sheik Khalifa bin Hamad al-Thani, Qatar earned a reputation as one of the gulf's most rigid states, deferring to Saudi Arabia on virtually all matters related to foreign policy and maintaining strict prohibitions against criticism of the country and its gulf neighbors.

But under Sheik Hamad, Qatar has adopted the face of a new generation.

People close to him say that whatever caution he has shown has been motivated mostly by a concern that to move forward too quickly would carry with it the risk of having to step back. Among the gulf states, Bahrain and Kuwait long ago established Parliaments, but Bahrain's has been closed since 1975 and Kuwait's was shut down at least twice.

"We need to learn about democracy, as a people and a ruling family," Sheik Hamad said. "But we are not yet ready. So I don't want to find myself forced to stop democracy, like what happened in some countries. I mean, I want everything to go smoothly, and nonstop."

In the capital, Doha, and around this country, there appears to be broad support for the course charted by Sheik Hamad, who consulted within his family and with others before seizing power on June 27, 1995, and has thus not had to contend with much internal opposition.

But at least three times, Sheik Khalifa and people loyal to him have plotted to overthrow the young leader, including a February 1996 effort that Qatari officials and Western diplomats say could have been planned only with the knowledge and acquiescence of Saudi Arabia and the United Arab Emirates.

Those countries have denied any involvement in any attempted coups.

Under Sheik Khalifa, a large share of the revenue from Qatar's sales of oil and gas was typically transferred from the treasury to the personal accounts of the Qatari leader.

Exactly how much money Sheik Khalifa accumulated over the years and stashed abroad remains a question that no Qatari official is willing to answer. Estimates have ranged from \$3 billion to \$7 billion. After failing in early efforts to recover the money, his son's Government asked courts in eight countries to freeze Sheik Khalifa's accounts.

An out-of-court settlement reached last year brought an end to that squabble. But Qatari officials and foreign diplomats say they believe that the arrangement left Sheik Khalifa with at least \$1.2 billion, and they say it is not yet clear that the former Qatari leader has fully made good on a promise to return a further \$2 billion to the Qatari treasury.

Sheik Hamad traveled to Europe early this year to make peace with his father, and when asked about the 17-month struggle over the funds, he would say only, "We are on our way to solve this problem."

He also said he was determined to put an end to the practice that left much of the country's wealth in his father's hands.

"We will make a law that the leader of the country is not allowed to take the revenue for himself," Sheik Hamad said. "All revenue should stay for the Government."

Among the other factors that have given him leeway in making changes is the fact that Qatar's population remains small, with just 600,000 people, most of whom are foreign workers. Among the estimated 150,000 native Qataris, many belong to the 20 leading families, whose leaders gave their support in advance to his taking power.

With its oil revenues increasing more quickly than its population, and vast gas reserves offshore only beginning to be exploited, Qatar is also one of the few gulf states that stands to grow richer instead of poorer in the years ahead.

On foreign policy the Qatari leader has felt comfortable in pursuing an iconoclastic course that calls for warmer ties toward Iran, Iraq and Israel — an approach that has alternately infuriated the United States and some Arab countries like Syria and Saudi Arabia. The risk of angering Washington is important: the Pentagon has an agreement with Qa-

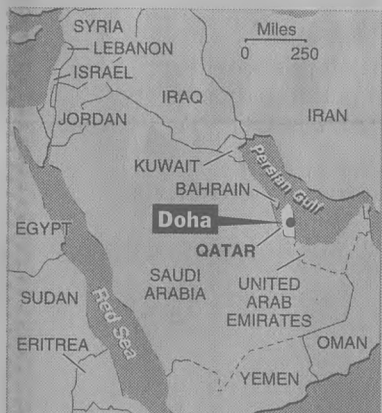
tar about pre-positioning American troops here to guard against a repeat of the Persian Gulf war, and often carries out maneuvers with Qatari troops.

Sheik Hamad has not always proven willing to cross the Saudis, still the dominant force in the gulf.

In settling a long-running border dispute with Saudi Arabia last year, Qatar effectively gave in to the Saudis. And the toughest punitive action that Sheik Hamad has yet ordered against a Qatari newspaper came last year when a journal published a plaintive poem that was purported to have been written by the imprisoned Saudi cleric Sheik Salman al-Awdeh, who has helped to inspire a generation of Saudi dissidents.

The newspaper, Al Sharq, was shut down for two months — a sign, foreign diplomats say, that Sheik Hamad may toe the line in parting company with Saudi Arabia and its neighbors, but he will not cross it.

"Their main problem is that they still haven't figured a way of solving the problem of being conservative and being modern," an Arab ambassador said.



In Doha, the new Emir of Qatar is pursuing a quiet revolution.

academy at Sandhurst.

But in a sign of his intentions to move to greater openness, Sheik Hamad has called for municipal elections, the first in the gulf, to be held by the end of the year.

He said he expects to allow women to take part in them — a step that not even Kuwait, with its elected Parliament, has been willing to take. He has also said he is determined to end the practice that has allowed members of the ruling family to treat oil and gas revenues as their own — among the reasons he has given for overthrowing his father — thus treading on delicate ground in a region whose vast energy reserves have created some of the world's wealthiest families.

The steps taken by Sheik Hamad come at a time when dissidents in countries like Saudi Arabia and Bahrain have increasingly resorted to violence in their calls for change, and he has been all but explicit in pointing to those examples as motivating his own decision to pursue a more open course.

In a speech at Georgetown University during his first visit to the United States last month, Sheik Hamad quoted from President Kennedy in saying that those who fail to make peaceful revolutions possible make violent revolutions inevitable.

In an interview at the royal palace, the Qatari leader, who speaks fluent English, said flatly that he was moving toward greater openness "to secure ourselves in the future."

"In some countries now you see unrest because of a lack of democra-

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OFFICE OF THE PRESIDENT

# Arabs Balk At Convening With Israelis

## *Economic Forum Tied To Peace Negotiations*

By John Lancaster

Washington Post Foreign Service

CAIRO, Nov. 6—Despite vigorous lobbying by the Clinton administration, most Arab states remain sternly opposed to an Arab-Israeli economic conference planned for later this month, saying they will boycott the meeting if there are no clear signs of progress in Palestinian-Israeli peace talks.

Only two Arab states—Yemen and Jordan—have committed to sending delegates to the conference, scheduled for Nov. 16-18 in Doha, Qatar. The United States is sponsoring the annual Middle East economic conference, the fourth such gathering since 1994, to promote normal relations between Israel and its Arab neighbors.

To Washington's dismay, if not to its surprise, this year's meeting has become a lightning rod for Arab anger over what they regard as the failure of Israeli Prime Minister Binyamin Netanyahu to abide by Israel's peace accords with the Palestinians.

Among the critics are some of the United States' closest Arab allies, including Saudi Arabia, which already has announced it will not attend the conference, and Egypt, which says its appearance depends on the outcome of Palestinian-Israeli talks in Washington, now in recess. Egyptian President Hosni Mubarak recently told reporters that he "cannot see any meaning" to holding the economic conference in the current climate of hostility.

"The peace process comes before any kind of economic cooperation," Ahmed Benhelli, an assistant secretary of the Arab League, said in an interview this week. "Arab nations believe that the entrance of Israel into the economic arena must occur after peace has been achieved. You can't have economic cooperation with Israel when you have a political crisis."

Even in the absence of a breakthrough in the Israeli-Palestinian talks, Egypt and other moderate Arab states may decide ultimately to attend the meeting to avoid straining ties with the United States. In that event, diplomats say, they are likely to find other ways to signal their displeasure, such as dispatching relatively low-ranking delegations and spurning contacts with the Israeli delegation, led by Foreign Minister David Levy.

Eager to maintain the faint pulse of Middle East peace efforts, U.S. officials have crisscrossed the region in recent weeks to promote the conference on economic, rather than political, grounds. The Doha conference is "not a favor to anybody," said Martin Indyk, the new U.S. assistant secretary of state for Near East affairs, during a stop in Kuwait earlier this week. "Its purpose is to advance the economic development of the region."

Most Arab governments, however, have declared their opposition to any form of normalization with Israel in the absence of a comprehensive peace settlement satisfactory to the Palestinians.

"Have the Arabs totally surrendered to the U.S. administration, to the point that it can impose their enemy on them and ensure that he is greeted by Arab governments on their own turf?" commentator Ahmad Abul Fatih wrote Sunday in the Saudi newspaper Asharq al-Awsat, according to the Mideast Mirror translation service. "When will we be able to say no?"

The mood was considerably more upbeat when officials and business leaders from Israel and moderate Arab states converged on Casablanca, Morocco, in November 1994 to trade business cards and ponder the economic landscape of a "new Middle East" in the first of the U.S.-sponsored meetings. A similar gathering was held the following year in Amman, Jordan, shortly before the assassination of Israeli Prime Minister Yitzhak Rabin by an Israeli Jew.

Prospects for Arab-Israeli economic cooperation have dimmed since Netanyahu's election in May 1996. Last year's meeting, in Cairo, was downgraded from "summit" to "conference" and was largely a showcase for Egyptian economic reforms.

The outlook for Doha is bleaker still. The conference faces bitter opposition from hard-line Arab states, especially Syria, which is demanding the return of the Golan Heights, captured by Israel in the 1967 Middle East war. Among pro-Western Arab states, the United Arab Emirates and Morocco—host of the original economic summit—have joined Saudi Arabia in announcing their intention to skip the meeting.

Taking their cue from Egypt—the most populous and arguably most influential Arab country—most Arab governments have tied their participation to progress in Palestinian-Israeli negotiations that have been frozen since Netanyahu's decision last March to launch a massive Jewish housing project in traditionally Arab East Jerusalem. Mubarak has said he will defer his decision until the "last minute" to avoid accusations by Israel that Egypt is trying to sway others to follow its lead.

"Either we won't go, or we'll go and not do anything," said an Egyptian economic official. "We're good at that."

# Iraq Draws Stern Words From U.S.

## *U.N. Expresses Concern On Alleged Subterfuge*

By John M. Goshko

Washington Post Staff Writer

UNITED NATIONS, Nov. 6—Evidence that Iraq might have moved sensitive equipment and tampered with U.N. surveillance cameras drew more tough talk from senior U.S. officials today about the need to make President Saddam Hussein's government cooperate fully with U.N. inspectors searching for hidden weapons programs.

But Washington's efforts to get the 15-nation Security Council to deliver a comparably stern warning were turned aside by some members who argued that the council should hold its fire until next week, when a three-member U.N. diplomatic mission reports back from Baghdad. The council issued a relatively bland statement expressing concern.

The latest round in the U.N.-Iraq tug of war began Wednesday, when Richard Butler, the Australian diplomat who heads the U.N. Special Commission (UNSCOM) charged with locating and eliminating Iraq's weapons of mass destruction, reported to the council that the Iraqis were violating council orders by moving equipment beyond the range of surveillance cameras and obstructing camera operation.

In response, Iraqi Foreign Minister Mohammed Said Sahaf asserted in a letter to the council that the equipment had been moved only to protect it from potential American air strikes and would be moved back when the danger was past. He also said one U.N. surveillance camera had been damaged Wednesday when a short-range missile engine being tested by the Iraqi military exploded. Short-range missiles are not banned by the United Nations.

In Washington, the controversy about Iraq's movement of the equipment led the Clinton administration to reiterate U.S. determination

See NATIONS, A29, Col. 1

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# Arabs Cool On Meeting With Israel On Closer Ties

7/11/91  
By DOUGLAS JEHL

DOHA, Qatar — The tortured state of Arab-Israeli relations is illustrated by the fact that of all the countries invited to attend a conference here in November aimed at improving economic ties between Arab nations and Israel, only Jordan has so far agreed to show up.

The meeting is to be the latest in a series that began with much fanfare in Morocco four years ago, but the deteriorating ties between the Arabs and Israelis have left it in considerable doubt.

Israel has not said whether it will come. Saudi Arabia has reiterated its view that the conference should not be held, and officials of the Arab League have said that most of its members agree. Even Egypt, the host of last year's meeting, has said it will postpone a decision on whether to attend until it becomes clearer what path the Israeli Government of Prime Minister Benjamin Netanyahu chooses to take.

The Saudi Foreign Minister, Prince Saud al-Faisal, said in Cairo on July 3 that his country was boycotting the conference because Israel was threatening the Middle East peace effort. Crown Prince Abdullah of Saudi Arabia went so far as to say that his Government had advised Qatar, its tiny neighbor, to cancel the session.

But Qatar, a maverick that has been the most aggressive among the Persian Gulf states in forging ties with Israel, has been steadfast in insisting that the conference will be held. Early last year, Qatar allowed Israel to open a trade office here and it played host to Shimon Peres, then the Prime Minister.

This country, three-quarters of whose population of 600,000 are largely Indians, Pakistanis and Filipinos who work as laborers, shopkeepers and domestics, is already building a conference center where the meeting will be held. Qatar's leader, Sheik Hamad bin Khalifa al-Thani, pledged during a recent visit to Washington that the meeting would go forward.

"The Qataris and the Jordanians may be the only ones here, but there will definitely be a Qatar summit," a Western diplomat here said.

Others have expressed more optimism about the prospects for the meeting, which the United States regards as an important tool for forging business and commercial ties between Israelis and Arabs. Even Saudi Arabia may eventually reconsider, an Arab diplomat said, but he added that such a reversal would most likely happen if Mr. Netanyahu's beleaguered Government collapses.

A year ago, there was some doubt that the Cairo summit meeting would go forward. Mr. Netanyahu's election and his Government's perceived hostility toward wider peace with the Arabs have so jarred most people in the Arab world that the warmth demonstrated at the first meeting, in Morocco in 1994, and the second, in Jordan in 1995, now seems like ancient history.

Syria, which has boycotted each of the previous sessions, has been scornful, saying that Arab governments should honor commitments made among themselves before honoring the agreement to meet annually with Israel. Farouk al-Sharaa, Syria's Foreign Minister, said this week that the prospects for improved relations were "sinking because Israel closed all doors for peace."

In March, an Arab League meeting of foreign ministers agreed to freeze steps taken toward establishing normal ties with Israel. That call was renewed last week by Egypt, Syria and the six Persian Gulf Arab countries, including Qatar.

But in a sign of his more sympathetic outlook toward Israel, Qatar's Foreign Minister chose not to attend the meeting in Damascus at which that call was issued, dispatching his deputy instead. And while Qatar officially froze its relations with Israel last autumn, it has not allowed them to deteriorate.

*Qatar*

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A Publication of the American Jewish Congress

# Foreign Affairs

THOMAS L. FRIEDMAN

R.S.V.P.

Qatar

2012/7/7

DOHA, Qatar

There is a vicious, and I mean vicious, diplomatic war going on here over who will — and will not — attend the Nov. 16 Middle East economic summit, which for the last three years has brought Arab and Israeli business elites together. This year's summit is being hosted by Qatar, the gutsy, progressive little gulf oil state, located off the east coast of Saudi Arabia. Israel's coming. The U.S. Secretary of State is coming, but virtually every Arab leader is wavering. Here are my predictions for who will show.

**Syria:** Syria has mounted an all-out diplomatic offensive against the summit, saying there should be no more Arab normalization with Israel until Syria gets the Golan Heights back. The Syrians, who follow the "Godfather" school of diplomacy, have been trying to intimidate the Qataris into canceling the summit, telling them it could be "dangerous" for Qatar. The Syrians stopped just short of threatening Qatar that if the meeting is held, a Qatari diplomat somewhere will be found in the trunk of his car with a Syrian dime on his chest. Syria: a definite no-show. You come, you die.

**Kuwait:** The Syrians have already told the Kuwaitis that Syria is opening its border with Iraq for more commerce, because Syria is tired of Jordan getting all of Baghdad's business. If Kuwait goes to the Qatar summit, the Syrians say they will feed the Iraqi wolf even more. And since Kuwait is Little Red Riding Hood to Iraq, such a threat can't be ignored. Kuwait is in a quandary: Go to Qatar, and Syria, the best Arab counterweight to Iraq, will tilt more toward Baghdad. Don't go, and Kuwait's U.S. protectors will be furious. Kuwait: agonizingly undecided.

**The United Arab Emirates:** Sheikh Zayed, the leader of the U.A.E., won't even acknowledge his summit invitation. This is because at the 1995 Gulf Cooperation Council summit in Oman, Emir Hamad of Qatar came expecting to have a Qatari diplomat named as the next Secretary General of the G.C.C. It was Qatar's turn. But the Saudis, who hate the Qataris, rigged the meeting so Qatar got nothing. The Emir stalked out, and when Zayed tried to placate him, the Emir lambasted the U.A.E. leader for not giving Qatar its due. Sheikh Zayed hasn't spoken to the Emir since. U.A.E.: Have a nice summit without us.

**Egypt:** Qatar and Egypt don't like each other. Qatar recently slashed the Egyptian labor force here from 65,000

to 30,000, and Qatar suspects that Egypt, along with Saudi Arabia, was supporting the old Emir of Qatar when he attempted a coup against his son, the present Emir, in February 1995. The old Emir hired 600 Bedouins to storm the palace, but, as they say around here: "You can buy Bedouins, but they never stay bought." One defected and the plot was uncovered. The Egyptians would love to see Doha

## Who will attend the Doha summit?

fail, because it would further isolate Benjamin Netanyahu, embarrass Qatar and be popular on the Egyptian street. A trifecta. But Egypt can't stay away without risking its U.S. aid. Egypt: will attend, but will send the doorman from the Ministry of Economy to represent it.

**Saudi Arabia:** The Saudis view the Qataris as upstart little cousins who don't know their place. The Qataris have annoyed the Saudis to no end by allowing women here to drive, by lifting Government censorship of the media, by vowing to give their women the vote and by dealing openly with Israel. The Saudis would love for the summit to blow up in Qatar's face, but they don't want to embarrass the U.S. Saudi Arabia: will attend, but will send its Third Deputy Assistant Undersecretary for Waste Management.

**Jordan:** Jordan will come, if only to spite Syria. But don't seat the Jordanians next to the Israelis.

**Bahrain:** The poor Bahrainis. They are the only ones smaller than Qatar, and they have the Iranian wolf at their door. The Bahraini view of the world is: "For years we counted on Saudi Arabia to protect us. But the gulf war showed us that the Saudis can't protect themselves, and ever since the war the Saudis seem to be losing internal control at home. Therefore, only the U.S. can protect us." So, Bahrain has let the U.S. set up a naval base in its harbor. No wonder a U.S. diplomat told me that whenever the leader of the Arab gulf state he serves in sees him, that leader asks for the latest running total of Americans living in his country. "Whenever the number hasn't gone up, he's disappointed," the U.S. diplomat said. Bahrain: Definitely coming. Just seat us next to Madeleine Albright. □

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Qatar

/ CLIP 11/11/17

## Shortsighted Arab Diplomacy

Arab countries that favor long-term stability in the Middle East are making a sad mistake by boycotting this weekend's economic conference in Qatar and by resisting more forceful steps to keep Saddam Hussein from developing weapons of mass destruction.

Staying away from the fourth annual Middle East and North Africa economic conference at Doha, Qatar, can only hurt the stalled Israeli-Palestinian peace process. The meeting is designed to build the kind of economic links that brought reconciliation between traditional foes like France and Germany after World War II. But when countries long committed to peace, like Egypt and Morocco, and American allies like Saudi Arabia stay away, they reinforce the efforts of extremists on both sides of the Arab-Israeli divide.

The reluctance of many Arab countries to apply meaningful international pressure on Saddam Hussein over his escalating challenge to United Nations arms inspectors is similarly self-defeating. Most of those inspectors are now leaving Iraq, after Baghdad's expulsion yesterday of the six American members of the U.N. inspection team. But as Iraq's 1990 invasion of Kuwait demonstrated, it is the Arab Middle East that would face the first and gravest dangers should the Iraqi dictator build any deliver-

able biological, chemical ~~or~~ nuclear weapons.

The countries shunning the Doha conference say they are expressing anger at Israel's Prime Minister, Benjamin Netanyahu, and at America's refusal to condemn Mr. Netanyahu's policies toward the Palestinians. They also want to show Israel that there will be no end to its economic isolation in the region if it refuses to follow up on the Oslo peace agreements. But the Netanyahu Government cares little about economic bridges with the Middle East, preferring to cultivate trade and investment ties with Europe and East Asia.

It was the United States that pushed hardest for Arab countries to participate and is now most discouraged by their absence. Jordan, Kuwait, Oman, Tunisia, Yemen and the host, Qatar, are the only Arab countries planning to send official delegations. Secretary of State Madeleine Albright will attend, but the absence of so many of her Arab counterparts shows how readily setbacks in one area of Middle East peacemaking lead to further reversals elsewhere.

The rare gesture of hope was made by King Hussein of Jordan. Despite his rage at a bungled Israeli assassination attempt in Amman earlier this fall, he is sending a representative to Doha. Others should learn from his vision and courage.

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# Mideast Tensions Hobble Wheeler-Dealers in Qatar

By DANIEL PEARL

Staff Reporter of THE WALL STREET JOURNAL

DOHA, Qatar — Is it possible to talk business in the Middle East when the Israeli-Arab peace talks are floundering, Iraq is on the brink of war, and terrorists are machine-gunning tourists in Egypt?

Yes, but just barely, judging by the fourth Middle East and North Africa Economic Conference. Business cards were exchanged, but no big regional projects were launched. The Israeli delegation kept mostly to itself. Israel's foreign minister and Jordan's crown prince backed out. Qatari officials bashed Egypt for boycotting and Israel for spoiling the mood. And no Middle Eastern country was raising its hand to host next year's event, which may be held outside the region instead.

"I don't think it's a rational idea for anybody to think of hosting a conference now," said Mutahar Al-Saidi, who led

**F**ewer companies showed up for this year's conference, and no regional megadeals were signed—in spite of much arm-twisting by the U.S. Israeli businessmen attended, but the Arabs seemed afraid to be seen talking with them.

Yemen's four-member official delegation, Yemen, with 13.5 million people, was the largest Middle Eastern country to attend the summit, despite an intense American lobbying effort to sway U.S. allies such as Saudi Arabia, Morocco and Egypt.

## Big Push by U.S.

Qatari and U.S. officials insisted the conference, which closes today, was successful, all things considered. "It's important to support these efforts in good times and in bad times," said Commerce Secretary William Daley. He said that there will definitely be a conference next year, and that the U.S. will continue to push for Arab officials to participate.

U.S. officials worked hard to get businesses to announce deals during the conference, but the announcements didn't break new ground. Mobil Corp., Qatar's primary partner in developing the huge Ras Laffan gas field, signed a memorandum of understanding with Qatar to consider an additional gas development. Holiday Inn disclosed plans for a hotel in Doha. An American company called PeaceWorks said it would help a Palestinian company export chocolates to the U.S. And the U.S. did announce it will grant free-trade status to industrial zones straddling Jordan and

Israel.

Benjamin Gaon, chief executive officer of Israel's Koor Industries Ltd., which has been aggressively pursuing business deals with Arab neighbors, said the conference indicated to him that Jordan is Israel's most reliable business partner. "You can talk business without hiding behind the bushes," he said.

In private, Israeli companies do some business with Gulf companies, including selling water-desalination equipment, executives say. The Gulf isn't a natural market for Israel, since it has a small population and oil-based economies, and fewer Israeli companies attended the Doha conference than last year's summit in Cairo.

## Israelis at Empty Tables

Still, "we are the No. 1 country interested in upgrading this region," said David Kolitz, CEO of Israel's Elul Group. Mr. Kolitz was sitting at a lunch table with two other Israeli businessmen and six empty seats. The Israelis said an Arab delegation did approach them in a corridor and hand them a list of projects, but the Arabs kept glancing around the room as though fearful of being spotted.

In all, 850 companies attended the conference, down from 1,100 last year. Some Americans said they showed up as a courtesy to Qatar, which has billions of dollars of gas and petrochemical deals in its future, or as a courtesy to friends in Washington.

Nicholas E. Billotti, CEO of construction company Turner Steiner International SA, said some Arab clients had tried to convince him not to attend the conference at all, even though they themselves went to Cairo last year. "The U.S. government doesn't understand our constituency in this part of the world," Mr. Billotti said, before leaving Doha on the morning of the conference's first day to attend to business in Beirut.

Secretary of State Madeleine Albright also left on the first day, to try to bolster support for the U.S. in its latest showdown with Iraq. First, she delivered an opening address in which she conceded that "the peace process is in danger." Qatar's emir, Sheikh Hamad bin Khalifa al-Thani, used his opening speech to slam the "intransigence of the Israeli government," which he said was "exposing the region to a danger of unprecedented dimensions." He said Qatar persisted with the conference "to prove to the world that we honor our international commitments."

Qatar put its hand up for the conference two years ago. The government built a new conference center, brought in three cruise ships to accommodate guests, and imported several hundred luxury cars to shuttle them back and forth. Organizers hope to find a location for the 1998 conference at the beginning of the year.

*Qatar*

*11/15/07*

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# In Slap at U.S., Israel Reduces Role at Talks

## Disarray Follows Egypt's Withdrawal

By SERGE SCHMEMANN

JERUSALEM, Nov. 13 — With growing numbers of Arab countries staying away from the Middle East economic conference in Doha, Qatar, to protest against Israel's policies, Israel announced today that Foreign Minister David Levy would not attend.

The announcement said that the Industry and Trade Minister, Natan Sharansky, would lead the Israeli delegation instead.

The announcement dealt a final blow to American efforts to keep the three-day regional conference at a respectable diplomatic level. Secretary of State Madeleine K. Albright is scheduled to attend part of the conference, and she had made direct appeals to Israel and to moderate Arab countries to take part.

But the announcement by Egypt that it would stay away from Doha — along with Morocco and Saudi Arabia, among Arab countries friendly to Washington — dealt a serious blow to the conference and prompted Mr. Levy to cancel. The Israelis were reported to be further concerned that the Emir of Qatar, Sheik Hamad bin Khalifa al-Thani, would not receive Mr. Levy, while Shimon Peres, former Prime Minister under the Labor Party, and a guest at Doha, was certain of a warm reception.

In announcing his decision to pull Egypt out, President Hosni Mubarak accused the Israeli Government of Prime Minister Benjamin Netanyahu of undermining peace efforts with the Palestinians by continuing with the expansion of settlements and by failing to honor commitments under the Oslo agreements. "All contacts, meetings, conferences, shuttle missions and all international efforts have failed to achieve progress as the Israeli Government never keeps its promises," he said. The process was at a "dead end," he declared.

Other Arab officials said the boycott was also aimed at the United States, which is blamed by many Arabs for failing to put pressure on Israel to honor obligations undertaken under American sponsorship.

So far, the Palestinian Authority of Yasir Arafat has not announced its intentions. In fact, only four Arab states in addition to Qatar have confirmed they will participate this year — Jordan, Kuwait, Oman and Yemen. Syria and Lebanon have boycotted all the annual conferences, while Libya and Iraq have not been invited.

The first two Middle East and North Africa conferences, in Casablanca in 1994 and Amman in 1995, drew large numbers of participants and were held in an air of high optimism. Both Yitzhak Rabin and Mr. Peres — who were Prime Minister and Foreign Minister at the time — attended. At last year's conference in Cairo, the mood was considerably more dour, but Mr. Levy did attend.

In an interview with an Israeli newspaper published today, and again in comments in Gaza today, Mr. Arafat declared that even if no agreement is reached with Israel by the end of the century, he would proclaim a Palestinian state. The Oslo agreements set a five-year timetable for a final settlement between Israel and the Palestinians, which was to be reached by the end of 1999.

"They had better listen well," Mr. Arafat told the tabloid Yediot Ahronot. "We will declare the establishment of an independent and sovereign Palestinian state before the end of the century. That is our right and our duty to our people who have made so many great sacrifices so as to be a free people in its land — in the land of its forefathers."

"We will declare the establishment of a state whether Netanyahu wants it or not. That will happen at the conclusion of the five years of the interim agreement according to the Oslo Accords, in other words, after September 1999. Even if part of the state remains under occupation and contains settlements. This mission cannot be stopped by any force in the world. It is our sacred right."

### No Snub Intended; Just a Delay

WASHINGTON, Nov. 13 (AP) — Prime Minister Benjamin Netanyahu, who was omitted from President Clinton's schedule for next week, will instead be invited to meet with Mr. Clinton in early December, a White House spokeswoman said today.

"We don't have a precise day, but we're closing in on one," said the spokeswoman, Anne Luzzato.

In what was characterized by some as a snub, White House officials said earlier this week that Mr. Clinton's schedule could not accommodate Mr. Netanyahu next week, when he will be in the United States on a speaking tour. Mr. Netanyahu, not due to return until February, will make a special trip to Washington early next month, an Israeli diplomat said.

Ms. Luzzato denied any slight to the Prime Minister, saying his meeting had "always been a matter of 'when, not if,' now we have the 'when.'"

*Qatar*

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Qatar

# The richest of the rich, one day

RAS LAFFAN, QATAR

**E**VEN as Abdullah Al Attiyeh, Qatar's energy minister, arrived in Indonesia on November 25th to chair the OPEC countries' annual wrangle over production quotas, Qatar's own oil wells were pumping overtime. Daily production in Qatar is now around 600,000 barrels a day, well above the 378,000 b/d limit set by OPEC. Mr Al Attiyeh is unabashed. He recently announced plans to boost production to 700,000 b/d by 2000.

At that rate, Qatar's oil reserves will be exhausted in 15 years. That does not worry the Qatari government at all, since it is relying on oil revenues only to pay for the development of an even more lucrative resource: natural gas. Qatar has the world's largest gas reserves after Russia and Iran. Its North Field, the world's biggest single reservoir of gas, is half the size of Qatar itself. If all goes according to plan, indigenous Qataris—and at present there are only about 150,000 of them—could one day be among the world's richest people.

Bright as the future may be, Qatar faces

quite a few lean years before it gets there. Development of the North Field is expected to cost \$25 billion. By contrast, revenues from current gas exports will be just \$400m this year. Local oil executives reckon it takes at least ten years to make a return on gas investments. Qatar's foreign debt has soared from \$1.3 billion in 1991 to \$10.4 billion last year—and is set to climb.

The government has tried to ease the burden by securing purchase agreements before it builds new facilities. A deal with several Japanese electricity companies paved the way for Qatar's first liquefied-gas plant, which began production at the end of last year. A second plant is under way on the basis of a 25-year contract to supply liquefied gas to South Korea from 1999. But those deals make up little more than a third of the government's export target for 2000, without any other buyers in sight. A scheme to supply gas to Israel has fallen through, and another with India has been delayed. A proposal to build a pipeline to Pakistan is still uncertain.

Qataris have their eyes fixed on the global-warming conference that starts next week in Japan. For if the delegates there should agree on stringent emission targets, sales of natural gas, the cleanest-burning fossil fuel, are bound to rise.

## South Africa

# Winnie's week

JOHANNESBURG

**D**RESSED in a series of smart floral suits and heavy gold jewellery, she was a model of composure and self-assurance. As Winnie Madikizela-Mandela, Nelson Mandela's ex-wife, sat impassively in a stiflingly hot room this week, a procession of her foes and ex-friends appeared before South Africa's Truth and Reconciliation Commission to build up a devastating picture of the bloody Sowetan underworld she once ruled.

The truth commission, designed to expose the truth about the country's past, had devoted an entire week to a hearing on the Mandela United Football Club. This was a gang of thugs, led by Mrs Madikizela-Mandela, which terrorised Soweto in the 1980s. Mrs Madikizela-Mandela, who asked for this public hearing of the allegations against her, had already been convicted of kidnapping and assaulting a teenager, Stompie Seipei, before his murder in 1988, although her conviction for assault was overturned on appeal. This week she was fingered for a dozen other crimes.

For the first time, parents of youngsters who had disappeared confronted the woman once revered as the "mother of the nation". The father of Lolo Sono, who dis-



Did she, didn't she, did she?

appeared in 1988, said he had last seen his son with Mrs Madikizela-Mandela in a minibus. He had been badly beaten up but she would not let him out, and took him away. Another witness, Katiza Cebekhulu, who had also been accused in the Stompie trial but had fled the country before it happened, claimed that he saw Mrs Madikizela-Mandela whipping Lolo Sono in her garage. He was lying on the ground, he said, and bleeding from the mouth.

Friends who had once helped her, now gave evidence against her. Xoliswa Falati, who went to jail for the kidnapping and assault of Stompie, had claimed at the time that Mrs Madikizela-Mandela was not present. This week she said that she had lied. "That was our culture, to protect our leaders," she said. "I went to prison for her. She was so ungrateful... she regards herself as a demi-god."

At mid-week Mrs Madikizela-Mandela had not yet herself given evidence. Her lawyer was expected to launch into the witnesses' credibility. At the same time, he will portray his client as a victim of a smear campaign from the apartheid era.

Whose version will wash? The truth commission is not a court of law. It hopes to uncover the truth, and will publish its findings next year. The awkwardness of its structure was apparent as a bank of lawyers battled to cross-examine witnesses in limited time. The quality of evidence was often shaky. Some witnesses contradicted themselves. Others simply said that they had previously lied.

In the end, it may be hard to point fingers with certainty. Yet, even short of proof, the accumulating weight of the stories is damning. One by one, witnesses this week built up a picture of a brutal world, sustained by a culture of terror and lies, run by Mrs Madikizela-Mandela.

Were she out of public life, the stories



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Gaza and the Islamic Salvation Front in Algeria condemned the attack. Visiting the scene of the crime, President Hosni Mubarak hinted that unnamed foreign hands were responsible. He promised even tougher security measures.

This meets with general approval. But others worry. "This is not just a security problem, or one that can be blamed on outsiders," declared an Egyptian journalist in heated discussion in a Cairo café. "We have to recognise it is all our institutions, from schools to courts to the press and the political system, that have created these monsters." A prosperous Cairo butcher echoed

this sentiment. "The government is to blame for [the young gunmen]. These boys are so poor and so hopeless that they would do anything if you gave them a hundred pounds [\$30]."

Unfortunately, efforts to give them more hope could fall victim to Monday's terror. With the economy doing well—it is expected to grow by 5.3% this year—the government had at last begun investing in education and other social services. But the plunge in tourism could set this back. If it does, the blinding poverty of Upper Egypt will endure to produce another generation of violently misguided youths.

## America and the Arabs

### Two sides of a coin

DOHA

**The Arab-Israeli economic conference in Qatar highlighted Arab reservations about America's Middle East policy**

"I AM here in Doha... because America keeps its word," declared Madeleine Albright, America's secretary of state, at the opening of the fourth Middle East-North Africa (MENA) economic conference, this year held in the tiny Gulf state of Qatar. She certainly had no other reason for attending. The conference, once touted as the economic underpinning of Arab-Israeli peace, had been boycotted by all but a small handful of Arab countries. The rest stayed away, despite fierce American pressure to go, because they believe that the Israeli-Palestinian peace process needs resurrecting from the dead, not underpinning.

Morocco, which was host to the first economic gathering, and Bahrain, which is currently host to the American fleet in the Gulf, both refused the invitation. So did Egypt and Saudi Arabia, America's most important Arab allies, despite a special trip by Martin Indyk, one of Mrs Albright's deputies, to rally their spirits. The Kuwaitis, normally staunch in their support of American policy, sent only an under-secretary for finance. Glancing at the lamentable guest list, David Levy, Israel's foreign minister, decided at the last minute to drop out himself.

The Qataris manfully declared the event to be a great success, claiming that \$12 billion-worth of deals had been signed, compared with \$10 billion-worth at last year's conference in Cairo. The Qataris had reason for pleasure: the money did not go, as originally intended, on binding together the Israeli and Arab economies, but,

largely, on developing Qatar's own oil and gas industry. Qatar's state oil company claimed \$4 billion-worth of deals alone.

Discreet delegations from Jordan, Oman, Yemen, Tunisia and Kuwait put in an appearance at the purpose-built conference centre. But on the Greek cruise ships, where businessmen from some 350 foreign firms were parked, there was a marked ab-



Even Bahrain can't always see things Albright's way

sence of Arabs among the customers listening to piped bouzouki music. And only the Jordanians seemed ready to have anything to do with the Israelis: they signed a deal, sweetened by the Americans, to create joint factories in Jordan, leading, perhaps, to some kind of duty-free zone.

With little reason to stay, Mrs Albright cut her visit short. As soon as she had fin-

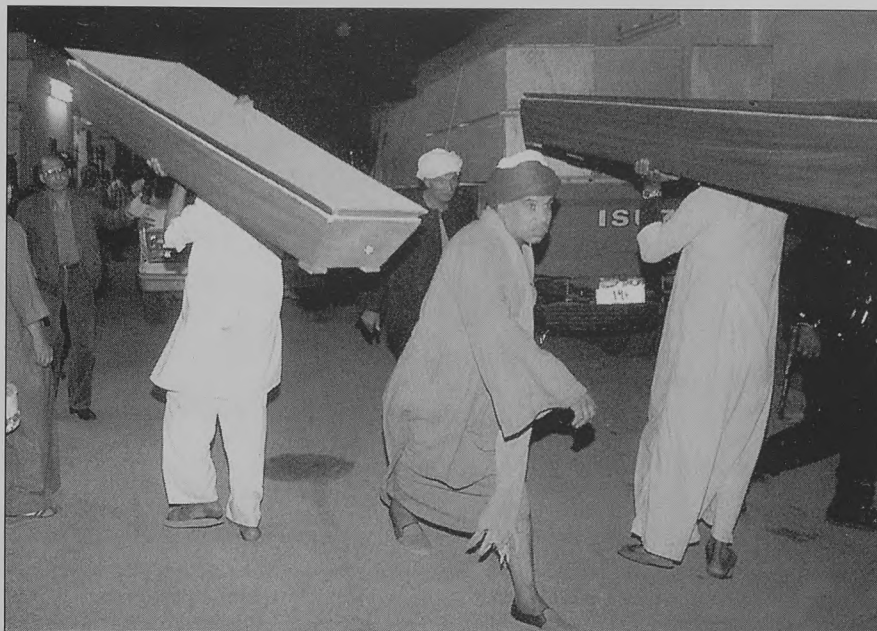
ished her speech, she spun off to Saudi Arabia, Kuwait and Bahrain where, early in the week, she was still trying to rally support for American policy on Iraq. Her speech had attempted to do this too, calling on her audience to be unwavering in their resolve not to allow Saddam Hussein to get away with his challenge to the UN's weapons inspectors. But, in not excluding force, she faced a stony reception. The Egyptians and the Saudis had both spoken against the use of force. Less firmly, so had the Kuwaitis, victims of Iraq in 1990. Even Qatar pointedly insisted on a negotiated solution. No Arab delegate at the conference voiced support of a possible military strike.

For Arab governments, the breakdown of the peace process and the confrontation with Iraq are different sides of the same coin. The link between the two, say the Arabs, is that the Americans are prepared to shrug off Israel's broken commitments, let alone its long-standing defiance of Security Council resolutions, but are swift to pounce on Iraq. Most of them believe that America's feud with Mr Hussein is so bitter that it will not ease up on Iraq until he has gone, regardless of whether or not he complies with UN resolutions. Moreover, whatever their own personal feelings, Arab rulers are acutely aware that their citizens are prone to be disturbed by the sufferings of their fellow-Arabs, whether from sanctions in Iraq or blockade in Gaza.

Their reservations, the Arabs congratulate themselves in believing, appear to have had an effect on American policy. They note that President Bill Clinton failed to find time to see Binyamin Netanyahu, Israel's prime minister, on his latest visit to Washington. More important, a political solution to the Iraqi crisis this week took over from America's eyeball-to-eyeball confrontation with Iraq.

At mid-week the small print of this solution was still not clear. But Russia had entered the affray with aplomb, playing a central part in the search for a diplomatic way out. After Boris Yeltsin saw Iraq's chief negotiator, Tariq Aziz, in Moscow, the foreign ministers of America, Russia, France and Britain met in Geneva in the early hours of November 20th. A few hours later, Iraq's state-owned radio announced that Iraq would readmit the UN inspectors, including the Americans Mr Hussein had thrown out.

What the Russians had offered Mr Hussein in return remained obscure. Possibly a larger pool of inspectors or better terms for the oil-for-food exchange. The one (relatively) clear hint was that Russia had undertaken to hurry along the process of Iraqi



## Bloodbath at Luxor

CAIRO

**Egypt thought it had decapitated its radical Islamist movement. But young zealots, bent on revenge and without a strong organisational structure, have become even more violent**

**T**HE carnage was abominable. With savage efficiency, the killers sprayed arcs of gunfire into the throng of tourists outside the Temple of Queen Hatshepsut at Luxor, then lingered to finish off survivors with knives—and to dance over their victims' bodies. They left 62 people dead—all but four of them foreigners—and the Egyptian government scrambling to stem the haemorrhage of its own credibility as well as of Egypt's vital tourist revenue.

The massacre at Luxor on the morning of November 17th was the bloodiest terrorist attack Egypt has ever witnessed, and the most shattering since religious fanatics killed Anwar Sadat at a military parade 16 years ago. The six gunmen slipped through successive security cordons into a crowded site that should have been recognised as an obvious target. They escaped from the scene unscathed, to be tracked down and killed in the desert some two hours later.

Hassan al-Alfi, the minister of interior who had recently claimed that he was close to stamping out Islamist radicalism, paid

for police incompetence with his job. But the killers' effortless breach of tight security is not Egypt's only problem. One obvious, immediate casualty is the tourist industry which was clambering out of a three-year trough caused by earlier attacks. Now it will slump again—just as investors were pumping millions into it. But tourism, although important as an employer, represents less than 5% of GDP. And Egypt's economy is in its best shape in decades.

Much more seriously, Monday's explosion of terror can be seen as an indictment of the one-dimensional way in which the Egyptian government has handled extremist groups. Radical Islamist opposition to the Egyptian state, based on an ideology that brands all but the most puritan interpretation of Islam as infidel, burst into violence in the early 1990s. But after an initial wave of assassination attempts and hit-and-run attacks on tourists, the insurgency had been squeezed into a slugging match between police and small bands of rebels deep in the Upper Egyptian interior.

Ordinary Egyptians have paid a price. Civil liberties have diminished. Democratic institutions have withered. But, to the Egyptian establishment, the containment of the radicals vindicated the strong-arm methods used to deal with them. These included the arrest and detention of over 10,000 suspects, the use of torture and the trial of hundreds by military courts that allowed no right of appeal. Since 1992, 91 extremists have been sentenced to death, about two-thirds of them already executed.

Sketchy police information indicates that the Luxor killers were members of a branch of Gamaat Islamiya, based north of Luxor at Asyut, and had been on the run for two years. Earlier this year, imprisoned leaders of the Gamaat and its sister organisation, al Jihad, issued a statement calling for a ceasefire, which the government ignored. Harsh sentencing continued. After the massacre, the Gamaat issued another—but highly conditional—ceasefire call.

A hand-written leaflet found on the body of one of the attackers showed his state of mind:

We shall take revenge for our brothers who have died on the gallows. The depths of the earth are better for us than the surface... since we have seen our brothers squatting in their prisons, and our brothers and families tortured in their jails.

Egyptian analysts say that the personal nature of this vendetta may reflect the state's success in breaking the radical groups' organisational structure. With most of their leaders either dead, in exile or in jail, the remaining activists have turned ever more desperately violent.

### Condemned by all

Shocking as the incident was—and the fear of a repeat performance is great—the Egyptian government is in no immediate danger. The terrorists have very little support. In Luxor, villagers spat on their bodies. In Cairo, opposition parties issued a joint statement blasting the murders. Although religious fervour is strong in Egypt, only a tiny minority find any justification in the zeal of the Gamaat Islamiya. Listen to the twisted logic of the group's leader, Talaat Fuad Qasim, interviewed before his disappearance in 1995 (he was probably nabbed by Egyptian agents in Croatia): "Tourism is an abomination, a means by which prostitution and AIDS are spread by Jewish women tourists," he ventured. Destroying it is one of the group's strategies for destroying the government. "Besides," he added, "it doesn't cost us very much."

Outside Egypt, Islamist groups ranging from Hizbullah in Lebanon to Hamas in

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## **Qatar Reports Numerous Arrests In Attempt to Restore Ex-Ruler**

Reuter

DOHA, Qatar, Feb. 20—Qatar has arrested almost 100 people in connection with an anti-government plot involving former bodyguards loyal to the deposed emir of the oil-rich Persian Gulf Arab state, a senior government official said today.

"Some of the persons arrested are members of the personal army raised by Sheik Khalifa during his rule. They were caught when they were trying to steal a tank near the border at Abu Samra. Some fled to Bahrain," the official said.

"Their interrogation has revealed that there was a deep conspiracy to destabilize the country in which some foreign sides are involved," he said.

The Interior Ministry announced the attempt but gave no date or details on those arrested. The government official said Bedouins loyal to the former emir, Khalifa Bin Hamad, who was overthrown by his son, Sheik Hamad Bin Khalifa, last July, tried to

seize a tank in a post on the border with Saudi Arabia, about 70 miles from Doha, the capital.

There were no reports of injuries.

Qatar, which has the third-largest gas reserves in the world, held an emergency cabinet session today to discuss the attempted plot, the Qatar News Agency said.

The personal army of bodyguards of Khalifa numbered about 3,000, almost the size of the regular armed forces at the time, and was made up of Bedouins. During Khalifa's rule some of them were inducted into the regular Qatar armed forces. Qatar's army now numbers about 5,000.

Khalifa vowed to return to power in Qatar, a statement released in the United Arab Emirates said. "The return to Qatar is a must and will take place soon," he was quoted as saying.

The Qatar News Agency said Qatar is seeking to hold an emergency meeting with the other five Arab states of the gulf to discuss the plot.

X 95

## **New Emir of Qatar Wins Saudi Recognition**

DUBAI, United Arab Emirates, June 28 (Reuters) — The new Emir of Qatar won the vital recognition of the five other members of the Gulf Cooperation Council today, including Saudi Arabia, one day after he ousted his father in a bloodless pal-

ace coup.

Recognition of the new emir, Sheik Hamad bin-Khalifa al-Thani, seemed to reduce the possibility of opposition to ~~the takeover~~ in Qatar.

The coup ended a power struggle in which the previous Emir, Sheik Khalifa bin-Hamad al-Thani, 63, apparently tried to regain powers he had passed on to his 45-year-old son, who had been running the emirate for the past three years.

Under Sheik Hamad, Qatar befriended Iran, restored ties with Iraq, its gulf war enemy, signed a defense pact with the United States and went further than other gulf states in normalizing ties with Israel.

The Iranian Government also rec-

ognized the new Emir and said it hoped his takeover would help strengthen security in the region, the Teheran radio reported.

The United States recognized Sheik Hamad on Tuesday. Washington is building a base ~~near~~ Dukhan on the western shore about 50 miles from Doha. It will "preposition" there equipment for one armored brigade as part of a United States strategy to meet emergencies like Iraq's 1990 invasion of Kuwait.

F  
QATAR

Stob Rept 1995

Qatar

Monarchy - no political parties No elected officers  
Ruled by an Emir who holds absolute power  
An Advisory Council

Intelligence Service (MUK HABARAT)  
army tenant.

Expatriate workers on contract QATARII by 7th 1 rates

Constitution not allowed

Security comm. (rare) are presided by Ad Hoc  
Military Council Most judges are foreign  
national

Religion is interpreted by permission to AHA & BBI's

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Freedom House 94.91

Expend 2.5 billion a year from oil exports  
& controls which believed to be world class  
natural gas fields - Emir holds absolute  
power but seeks to reach a consensus and  
to be consultative Mayles.  
Most judges are foreign national

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Population less than 100,000

# Qatar (Booth)

1964

1988. Percentage of children

in school. 100%

highest of Gulf

No of students per 100,000

inhabitants at Unesco 1963

highest of Gulf

1991

Arms prices 7,500 Lowest

in Region

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